Annual Report
1996

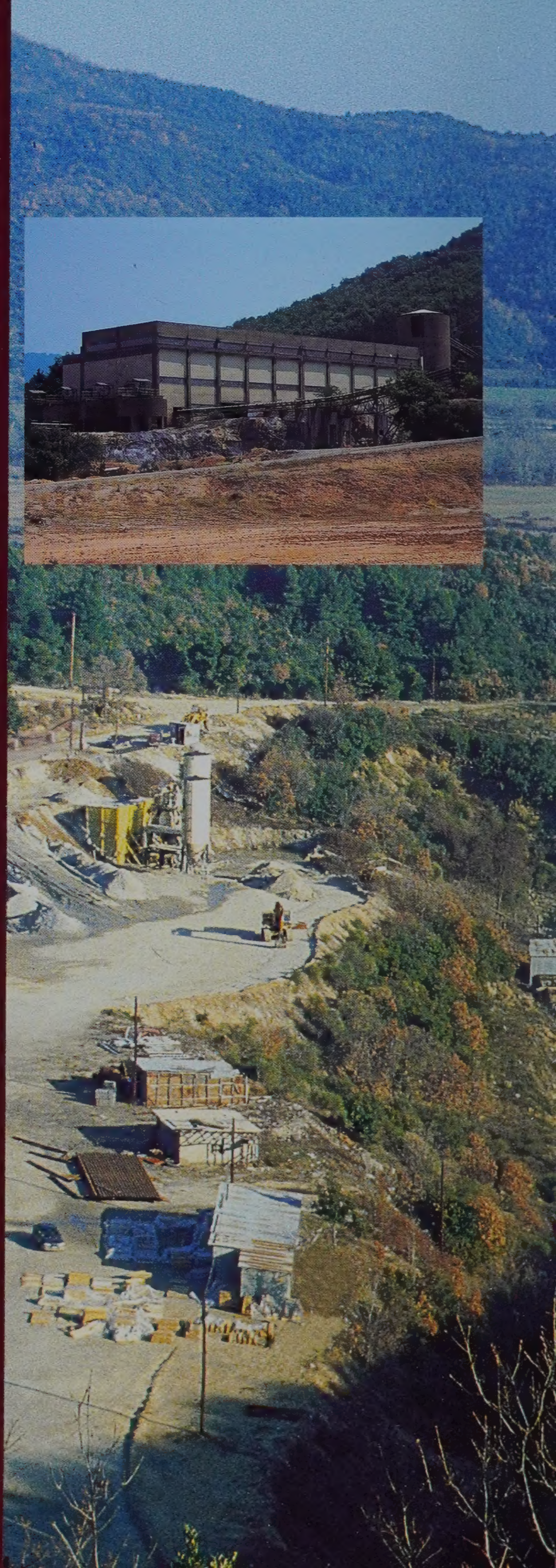
TVX
GOLD INC

ANNUAL AND SPECIAL MEETING

The Annual and Special Meeting
of Shareholders will be
held at **3:00 p.m.** on
WEDNESDAY, MAY 21, 1997
at the **TORONTO HILTON**
145 Richmond Street West
TORONTO I ROOM
Toronto, Ontario, Canada

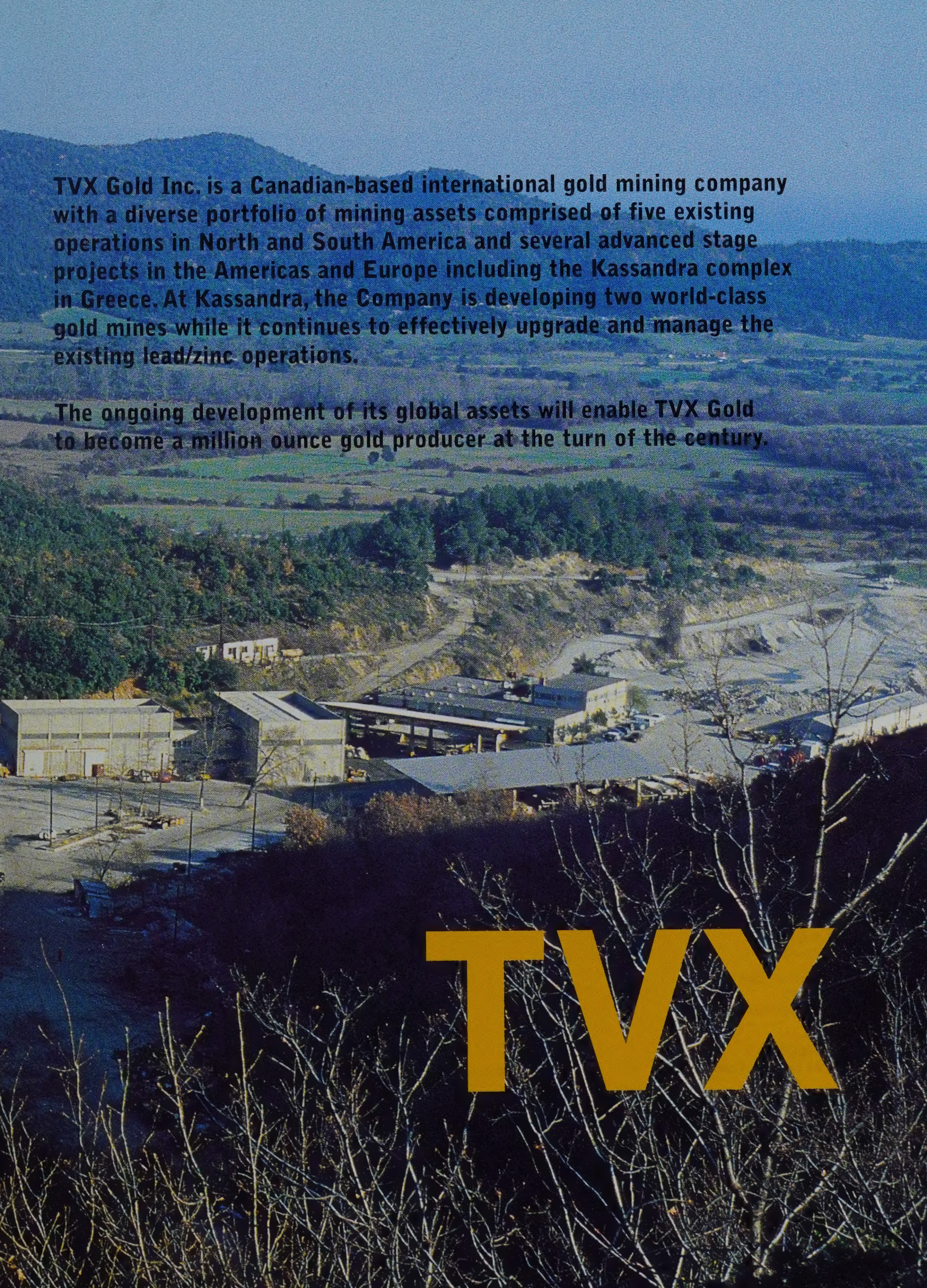
Becoming a 1,000,000 Ounce Producer

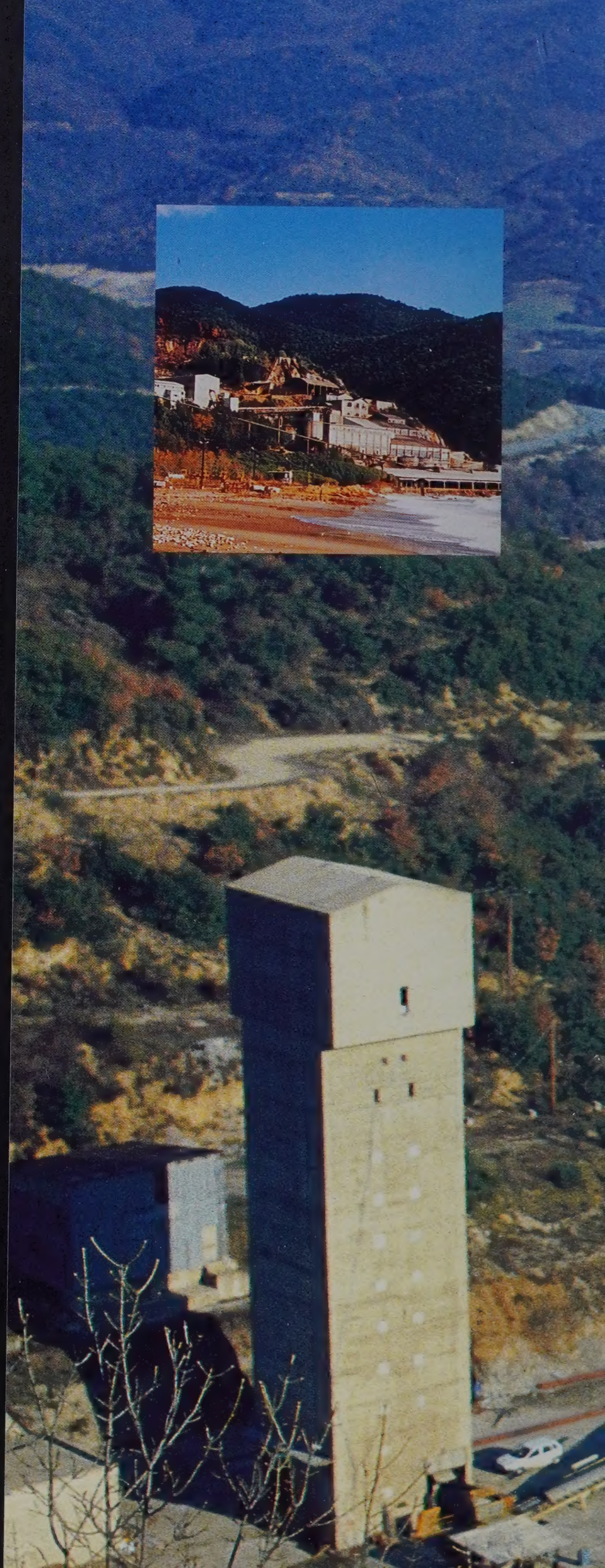
Contents

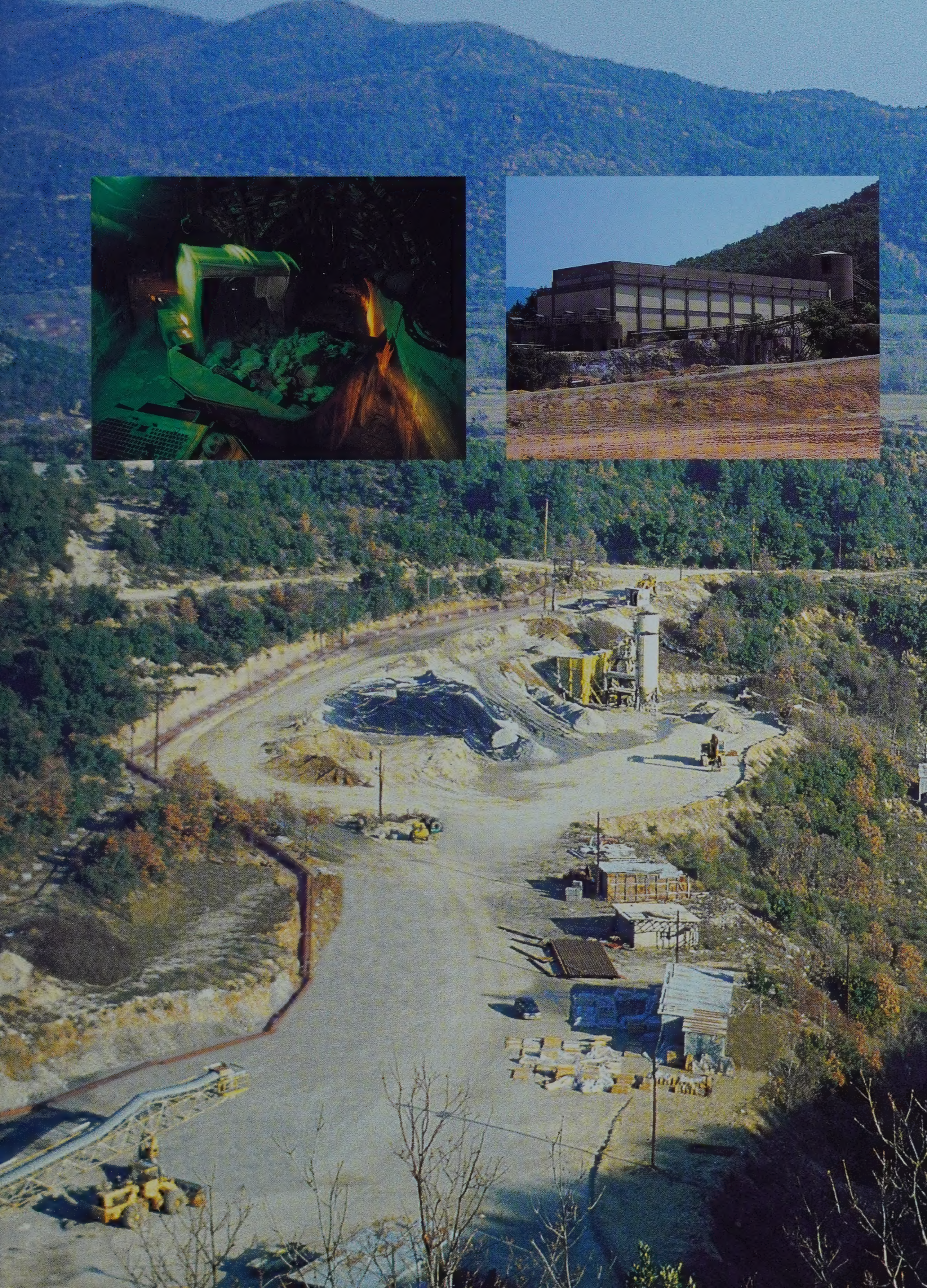


TVX Gold Inc. is a Canadian-based international gold mining company with a diverse portfolio of mining assets comprised of five existing operations in North and South America and several advanced stage projects in the Americas and Europe including the Kassandra complex in Greece. At Kassandra, the Company is developing two world-class gold mines while it continues to effectively upgrade and manage the existing lead/zinc operations.

The ongoing development of its global assets will enable TVX Gold to become a million ounce gold producer at the turn of the century.







TVX Gold Inc: A Global Perspective

New Britannia
Canada (50%)

1996 Production:
34,300 gold ounces

Resource:
430,000 gold ounces

Musselwhite
Canada (32%)

commenced production March 1997

Resource:
1,010,000 gold ounces

Quimsacocha
Ecuador (33%)

La India
Nicaragua (60%)

Volta Grande
Brazil (50%)

Gurupi
Brazil (50%)

Resource:
1,200,000 gold ounces

La Coipa
Chile (50%)

1996 Production:
210,500 gold equivalent ounces

Resource:
3,310,000 gold equivalent ounces

Crixás
Brazil (50%)

1996 Production:
62,300 gold ounces

Resource:
1,110,000 gold ounces

Brasília
Brazil (33%)

1996 Production:
54,500 gold ounces

Resource:
1,270,000 gold ounces


Kasperske Hory
Czech Republic (100%)
Resource:
3,000,000
gold ounces
Asacha
Russia (50%)
Resource:
400,000
gold equivalent ounces
Legend
Development Focus
Operating Mines
Projects
Exploration
Kassandra Complex
Greece (100%)
Resource:
12,740,000
gold equivalent ounces

Message from the Chairman and Chief Executive Officer

I am pleased to report that in 1996, TVX Gold made significant progress towards achieving the strategic goals the Company has set for enhancing shareholder value. Specifically, the Company's objectives, as refined during the year, are to increase our resource base to 30 million gold equivalent ounces, to upgrade these resources into reserves and to produce one million gold equivalent ounces annually. Our target is to achieve these goals within five years.

During 1996, we engaged a new operating team. I first met David Murray, TVX Gold's new President and Chief Operating Officer, when he was President and Chief Executive Officer of Rio Tinto-Zinc's operations in Brazil. RTZ, one of the world's largest mining companies, is TVX Gold's partner in the Brasília mine. Cliff Davis, Senior Vice President, North American Operations, and Ken Sangster, Senior Vice President, European Operations, are also experienced professionals who, like David, have built and operated mines in North and South America and Europe.

Also, in 1996, we increased TVX Gold's resource base from 15 million to over 26 million gold equivalent ounces, primarily as the result of an increase in resources at our European projects, most significantly at Kassandra. The quality of these resources makes me confident that they will in time be turned into reserves. From my perspective, our purchase of the Kassandra assets, for $47 million in 1995, was one of the best acquisitions completed in the mining industry that year.

The Kassandra purchase is an example of the deal-making skills that have provided TVX Gold with an international portfolio of mining properties with significant potential. While our immediate focus is to realize the potential of our European assets, we have no intention of letting the Company's entrepreneurial capabilities diminish. As appropriate opportunities arise, TVX Gold will pursue them.

There were other notable achievements in 1996:

- Construction of the joint venture Musselwhite project proceeded well, with the first gold poured in March 1997, ahead of schedule and under budget.
- An expansion project was initiated at Brasília.
- Operations improved steadily at the New Britannia mine, which achieved commercial production, for reporting purposes, in August 1996.
- Our exploration ventures in Kamchatka and South and Central America continued to return encouraging results.

In 1996 we also had to make difficult decisions. Continued operating losses and the requirement for additional capital expenditures forced TVX Gold to suspend operations at the Mineral Hill and Casa Berardi mines. These properties, along with Pachicutza in Ecuador, were deemed not to fit our low cost strategy and, as a result, are being offered for sale.

For the year ended December 31, 1996, TVX Gold incurred losses of $86.0 million or $0.53 per share, compared to earnings of $9.4 million or $0.06 per share in 1995. The principal reason for the loss was the after tax charge of $94.7 million to reduce the carrying value of the Mineral Hill and Casa Berardi mines after the Company's decisions to suspend these operations and dispose of them.

Gold and gold equivalent production in 1996 was 424,500 ounces (335,100 ounces of gold and 6,769,000 ounces of silver) compared to 423,100 ounces (359,500 ounces of gold and 4,713,000 ounces of silver) in 1995. The average realized revenue on a per gold equivalent ounce sold basis was $397 in 1996 compared to $380 per ounce in 1995. The Company's hedging programs in 1996 resulted in a higher realized per ounce price than the COMEX average of $388. Cash costs in 1996 averaged $239 on a per gold equivalent ounce sold basis compared to $219 in 1995. The increase was primarily due to the treatment of stripping costs at the La Coipa mine, and the addition, effective August 1996, of New Britannia's higher than average cash costs in its start-up year.

In order to ensure we can fund both our quality development projects through the feasibility stage and our continuing pursuit of various opportunities as they arise, we sold, in March 1997, $250 million Gold Linked Convertible Notes bearing interest at 5% per annum. This will enable us to replace the existing 7.51% Senior Notes with a more attractive financing vehicle. Along with the financing, we also arranged a new one-year $70 million operating line of credit.

Eike F. Batista

Chairman and
Chief Executive Officer

The development programs for our various projects will cost in excess of $500 million. Most of the expenditures will be incurred after the feasibility documents have been received in 1998. We have said that TVX Gold prefers not to finance its projects using equity unless the share price is appropriate. We anticipate that a major portion of the capital financing for our development projects will be by way of project loans.

TVX Gold's objective of becoming an international, million ounce plus gold producer carries with it responsibilities for industrial health and safety, environmental protection and community involvement, of which we are fully aware. It is a pleasure to record the continued recognition of the Brasília mine's achievements with the British Safety Council's Sword of Honour and the International Loss Control Institute's 5-star award. The New Britannia mine won the Manitoba Mine Rescue Competition in 1996, the first year the mine's team participated.

The actions we took during 1996 have placed us well along the path to success. I thank my colleagues on the Board of Directors and the Company's employees for their support and endeavours during the past difficult year.

Eike F. Batista

Chairman and
Chief Executive Officer

March 12, 1997

Summary of Operating Information (TVX Gold's Share)

Gold		December 31, 1996			December 31, 1995		
Operating Mines		Gold Production (Ounces)	Cash Cost [(2)] ($ per Ounce)	Operating Cost [(3)] ($ per Ounce)	Gold Production (Ounces)	Cash Cost [(2)] ($ per Ounce)	Operating Cost [(3)] ($ per Ounce)
La Coipa - Chile [(1)]	Open Pit	210,500	$ 202	$ 312	204,600	$ 168	$ 280
Crixás - Brazil	U/G	62,300	$ 184	$ 246	63,300	$ 177	$ 220
Brasília - Brazil	Open Pit	54,500	$ 202	$ 307	53,600	$ 235	$ 306
New Britannia - Canada	U/G	34,300	$ 315	$ 409	7,300	–	–
Casa Berardi - Canada	U/G	45,600	$ 356	$ 461	36,700	$ 449	$ 557
Mineral Hill - U.S.A.	U/G	17,300	$ 524	$ 572	34,900	$ 359	$ 409
Novo Astro - Brazil *	U/G	–	–	–	22,700	$ 183	289
Total Company		424,500	$ 239	$ 337	423,100	$ 219	$ 311

(1) Includes silver converted to gold at applicable prices.

(2) Cash cost per ounce includes operating costs, marketing, refining, royalties and administration at the joint venture level, net of by-product credits and changes in inventory for differences in timing of production and sales, divided by ounces sold.

(3) Operating cost per ounce comprises cash cost plus depletion and depreciation.

* Mine closed July 1995.

Reserves prepared by joint venture partners have been reviewed by TVX Gold personnel.

Reserves are based on a gold price of $385 and a silver price of $5.30 per ounce, except La Coipa, which uses a gold price of $375 and a silver price of $6.50 per ounce, as defined by the operator.

Reserve figures are estimates, and no assurances can be given that the indicated quantities of gold will be produced. Market, short-term operating factors relating to the ore reserves, such as the orderly development of orebodies or the processing of new or different grades of ore, could affect the Company's profitability in any particular accounting period.

Summary of Reserves and Resources by Category

TVX Gold has recategorized its mineral resources as at December 31, 1996. These categories include: mining reserves (proven and probable), measured and indicated resources and inferred resources. Mining reserves (proven and probable) are fully delineated at operating mines or projects for which a feasibility study shows economic feasibility. Measured and indicated resources are estimated largely from drill data but for which a feasibility study has yet to be completed, although preliminary engineering studies indicate a high probability of becoming reserves on completion of planned feasibility studies. Inferred resources are additional resources based on geological inference and drilling.

Summary of Reserves and Resources (TVX Gold's Share)

	1996										1995
	Mining Reserves Proven and Probable (Diluted)			Resources Measured and Indicated			Resources Inferred			Total	Total
Operating Mines	Tonnes (000's)	gr/mt	Ounces Au (000's)	Tonnes (000's)	gr/mt	Ounces Au (000's)	Tonnes (000's)	gr/mt	Ounces Au (000's)	Ounces Au (000's)	Ounces Au (000's)
La Coipa [1]	41,280	2.2	2,940	7,290	1.6	370				3,310	3,352
Crixás	2,530	6.2	500	200	4.9	30	1,540	11.8	580	1,110	1,338
Brasília	74,530	0.43	1,040	17,000	0.43	230				1,270	1,362
New Britannia	1,890	4.6	280	870	5.5	150				430	486
Development Focus											
Kassandra											
Olympias [1]				14,710	8.7	4,100	6,000	8.3	1,600	5,700	4,018
Skouries				118,940	1.0	3,830	100,000	0.7	2,250	6,080	
Mavres Petres [1]				900	9.2	270	960	8.7	270	540	173
Madem Lakkos [1]	460	3.1	50	650	6.5	140	4,000	1.8	230	420	101
Musselwhite	3,110	5.6	560	1,050	5.8	200	1,160	6.7	250	1,010	979
Total Operations/ Development Focus	123,800	1.3	5,370	161,610	1.8	9,320	113,660	1.4	5,180	19,870	11,809
Development Properties/ Projects											
Kasperske Hory				3,000	9.2	890	7,020	9.3	2,110	3,000	1,008
Gurupi				32,130	1.2	1,200				1,200	
Asacha [1]				650	15.7	330	110	20.6	70	400	457
Rodnikovoe [1]							730	15.1	350	350	
Other											
Casa Berardi				3,280	7.4	730	1,280	6.1	250	980	1,033
Mineral Hill				1,150	9.7	360	290	7.9	70	430	394
Pachicutza [1]				1,100	10.4	370	410	9.0	120	490	441
Total				41,310	2.9	3,880	9,840	9.4	2,970	6,850	3,333
Grand Total	123,800	1.3	5,370	202,920	2.0	13,200	123,500	2.1	8,150	26,720	15,142

Message from the President and Chief Operating Officer

Cliff Davis, Ken Sangster and I joined TVX Gold in mid 1996 because we believed that development of its European resources could transform the Company into a senior producer. Despite disappointments in North America, our belief remains valid; within five years TVX Gold can become a one million ounce per year producer with a highly competitive cost structure. This growth scenario, combined with the entrepreneurial drive of our Chief Executive, offers exciting prospects to investors and employees and the communities in which we operate.

In the latter part of 1996, we visited all of the Company's operations and development projects. Our conclusions from this initial review may be summarized as follows:

- the Company should concentrate its development focus on its European resources;
- the Company should rationalize its exploration activities to areas of competitive advantage, principally in South America;
- the Company should build upon its solid South American operating investments by working with its partners to enhance value;
- the Company should direct neither management attention nor capital to recovering high cost mines or projects;
- the Company needs to institute revised structures to define better responsibility, accountability, authority and competitive reward;
- the Company needs to implement improved procedures for project definition, implementation and control ahead of the major capital expenditures envisaged from 1998 onwards.

As a consequence of this review, TVX Gold suspended operations at Mineral Hill and Casa Berardi and is offering these properties for sale, in addition to the Pachicutza project in Ecuador.

Current operations at La Coipa, Brasília, Crixás and New Britannia, together with the start up of Musselwhite in March 1997, will continue to provide TVX Gold with annual production in excess of 400,000 ounces of gold equivalent in the medium term at competitive costs. In this regard, particular note should be made of the Musselwhite project achievement. Placer Dome brought the mine into production ahead of schedule and under budget with exemplary construction safety records. The prospects are encouraging for increased reserves and production at these mines.

TVX Gold's focus is to define its resources in Europe, complete feasibility studies, and permit, construct and operate these properties.

During 1996, the investment contract between TVX Gold and the Greek government was ratified by the Greek Parliament with a 97% majority, making the investment a non-party political issue. The current government has a clear majority for the next four years, the critical period for the Company in the development of the Kassandra assets. The government is strongly in support of our investment proposals. The investment in Greece consists of four elements:

David N. Murray

President and
Chief Operating Officer

- the current lead-zinc operations at Stratoni;
- the Olympias underground gold/silver/lead/zinc project;
- the Skouries open pit/underground gold-copper porphyry project;
- the Kassandra lease exploration potential.

The Madem Lakkos mine and Stratoni mill will produce lead and zinc concentrates at a cash profit for at least four years while simultaneously providing a training ground for those who will work on future Olympias production.

Drilling at Olympias is intended to upgrade the resource to an ore reserve in the third quarter of 1997. Initial results confirm geometry and grades. A revised process flowsheet will be finalized in the second quarter; and an engineering contractor will then be engaged to cost the flowsheet by year end. We expect a feasibility document to be available in the first quarter of 1998. Current expectations are that the flowsheet for a 3,500 tonnes per day mining operation will cost approximately $300 million. Initial annual production, inclusive of high grade stockpile retreatment, will be in excess of 250,000 ounces of gold at a cash cost of less than $150 per ounce, net of silver, zinc and lead by-product credits.

In August 1996, we began a drilling program on the Skouries gold-copper porphyry deposit. Current resource estimates are 6.1 million ounces of gold plus significant copper credits. Of note are the grade accentuation at surface, an enriched zone at depth, and relatively good infrastructure. Further drilling and conceptual engineering will be conducted to determine the scale and duration of open pit and underground mining operations, together with preliminary operating and capital costs for such facilities. If one assumes an initial open pit operation of 25,000 tonnes per day, the capital cost of building these facilities will be in the order of $200 million. The resulting production will be in the order of 250,000 ounces of gold per year at a cash cost of less than $100 per ounce with significant copper net smelter revenue credits. The project clearly has value and every effort will be made to define the resource and complete a feasibility study in 1998.

During 1996, progress was made at Kasperske Hory in the Czech Republic. We expect the current inferred resource of 2.1 million gold ounces to be upgraded and added to the existing measured and indicated resource of 890,000 gold ounces by conducting additional surface and underground drilling. TVX Gold has redesigned the project to enhance prospects for permitting the required additional drilling, construction and operations. These redesigns envisage a decline ramp to access the orebodies instead of a vertical shaft and a plant recovering gold by gravity and flotation only, avoiding the use of cyanide leaching on site. We are looking at a 2,000 tonnes per day underground mine costing in the order of $100 million, providing 140,000 ounces of gold a year at a cash cost of less than $200 per ounce.

The summation of these European projects leads to annual production levels in Europe in excess of 600,000 ounces per year at cash costs of less than $150 per ounce. This new production potential, together with our existing production capacity will transform TVX Gold into a one million ounce plus producer at highly competitive costs.

I have little doubt that TVX Gold can fulfill this development potential to the benefit of all stakeholders.

David N. Murray

President and
Chief Operating Officer

March 12, 1997

Development Focus

Kassandra Complex, Greece

- Olympias
- Skouries
- Stratoni

Musselwhite, Canada

TVX

Kassandra Complex

TVX Gold's wholly-owned Kassandra complex is located in northeastern Greece, on the east coast of the Chalkidiki Peninsula, approximately 100 kilometres east of Thessaloniki, the country's second largest city. The 31,400-hectare property includes the Olympias mine and mill, the Skouries gold-copper porphyry deposit, the Madem Lakkos and Mavres Petres mines along with the base metal milling facility at Stratoni as well as a number of exploration prospects.

TVX Gold plans to construct a gold recovery plant and expand mining operations at the Olympias mine, as well as developing the Skouries deposit for production.

TVX Gold was named the successful bidder in an international auction for Kassandra in March 1995. The purchase, for approximately $47 million, closed in December 1995, with approximately $19 million paid on closing and five equal installments of approximately $5.5 million plus interest payable on the anniversary dates of the closing. The purchase contract was ratified by the Greek Parliament in July 1996, as were grants from the Greek State for the construction of the gold recovery plant and a law to facilitate the timely issuance of all the necessary licences and permits required for the construction and operation of the proposed gold recovery plant.

Mining activity has taken place in the Kassandra district for well over 2,000 years. The Madem Lakkos and Mavres Petres mines have been in production since 1952, and the Olympias mine started up in 1976, all producing silver, lead and zinc. However, 4.3 million ounces of gold and gold equivalent previously identified in the Kassandra deposits, primarily at Olympias, were not exploited because of the refractory nature of the ore. TVX Gold made its bid for Kassandra after its studies showed that the operation could be rehabilitated to include an efficient and economic gold operation.

With the purchase contract ratified, and the support of a strong central government, TVX Gold, through its wholly-owned subsidiary, TVX Hellas, commenced its program to revitalize the Kassandra operations. Local opposition caused some delay at Olympias, but operations are now proceeding satisfactorily.

Under the terms of the Kassandra purchase contract, TVX Gold is committed to constructing a gold recovery plant to treat the refractory ore from the Olympias mine within two years of receipt of all permits; it is entitled to grants of up to 35% of eligible capital; and has been provided with procedures to fast-track permit applications if processing of them takes longer than certain specified times. TVX Gold is also obliged to conduct specific environmental remedial work, and fulfill certain obligations with respect to the employment and re-training of previous employees. TVX Gold is mining the Madem Lakkos lead-zinc deposit and treating the ore in the Stratoni mill. It may, in the future, produce ore from the Mavres Petres mine.

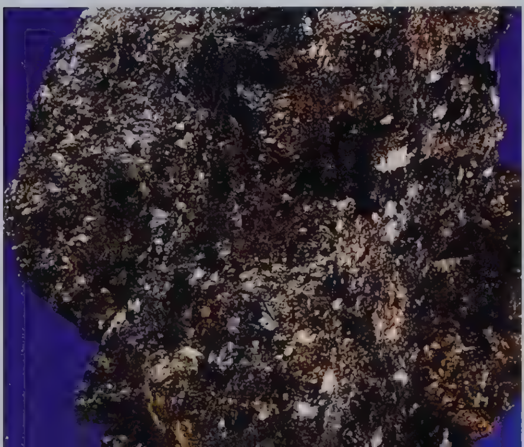
Olympias

TVX Gold's bid for the Kassandra assets was based on its plans to recover gold from the property, in particular from the Olympias silver-lead-zinc mine, by incorporating a pressure oxidation process into the ore treatment. Reserves and resources in the Olympias deposit, as calculated prior to TVX Gold's involvement, were estimated to contain in excess of four million ounces of gold and gold equivalent, but had not been exploited because of the refractory nature of the ore.

An intensive drilling program begun at the mine in 1996 continues to confirm resource tonnes and grade. The program, which involves a total of approximately 55,000 metres of surface and underground definition and infill drilling, is expected to be completed by mid-1997, in advance of a feasibility study scheduled for completion in early 1998.

The Olympias orebody is a stratabound massive sulphide deposit, occurring within marble layers interbedded with gneiss and amphibolite in the Paleozoic Serbo-Macedonian massif. It consists of three zones. The west zone is lensoid in shape, averages 11 metres in thickness, 200 metres along strike and 1,200 metres down dip. The second horizon underlies the west zone at its deepest location. The east zone is approximately 150 metres east of the west deposit, is arc-shaped, averages eight metres in thickness, and extends 150 metres along strike and 350 metres down dip. Gold mineralization is associated with arsenopyrite and pyrite.

Access to the Olympias mine, which began production in 1976, is provided by a 300-metre shaft and two declines. Mine planning is in progress, with the objective of increasing production from the recent 700 tonnes per day to 3,000-4,000 tonnes per day.



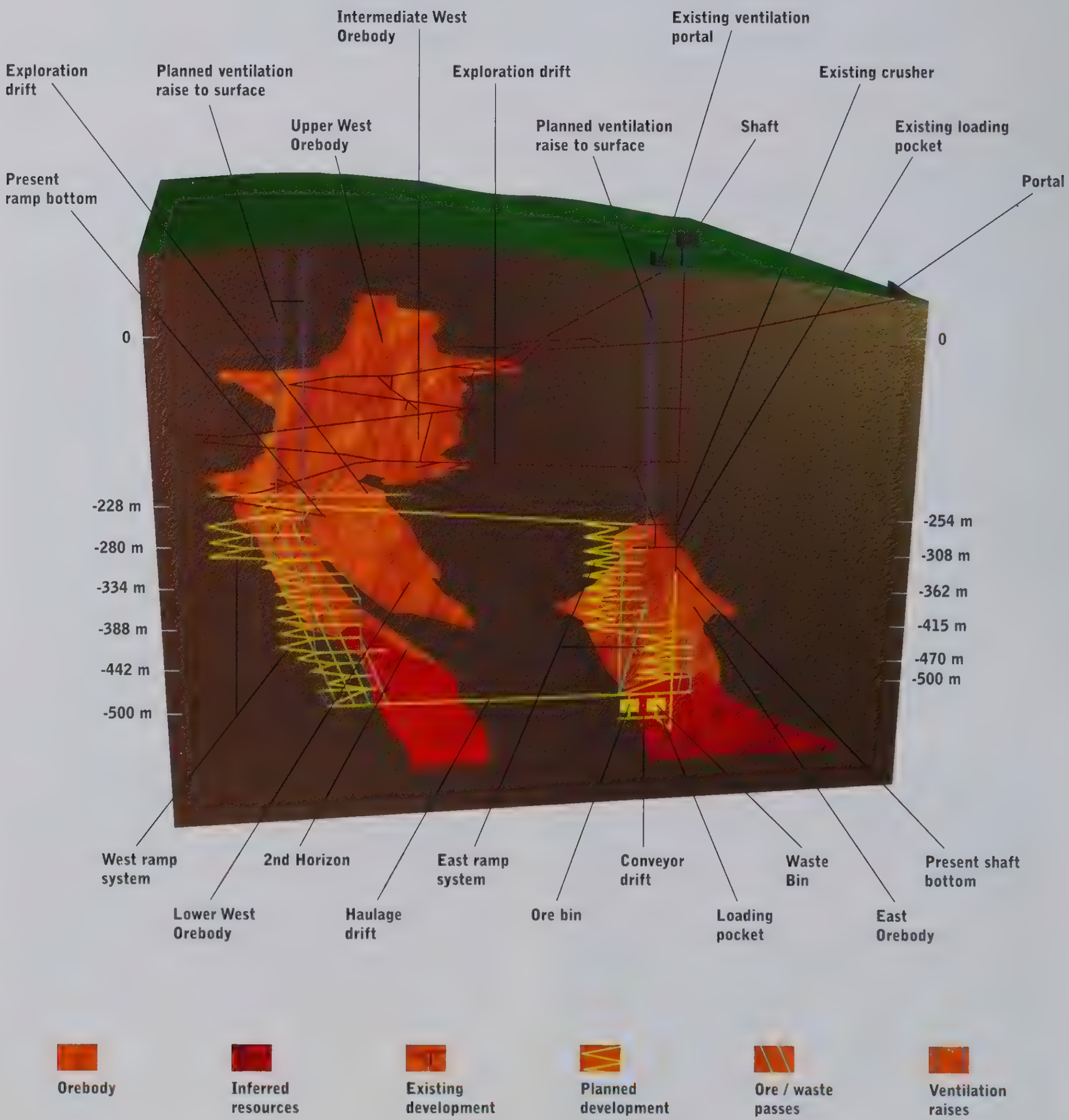
This would be achieved by, for example, mechanization and the use of longhole stoping and cut-and-fill mining methods rather than the previously used undercut-and-fill method. Considerable research is being carried out into treating the ore by a multi-stage process, in order to reduce capital and operating costs. The pre-treatment processes under consideration include heavy media separation which could reduce, by as much as 40% by weight, the waste material in the ore and hence the volume of ore entering the grinding circuit of the mill. Further processes, for example a 2-stage oxidation process, are being considered.

The objectives of the current study are to finalize the metallurgical process by mid-1997, conclude the feasibility study and complete permitting by the end of the first quarter of 1998. Actual construction of the plant is expected to take about two years after all licences and permits are received. Assuming a 3,500 tonnes per day operation commencing in the year 2000, the plant would produce in excess of 250,000 ounces of gold equivalent over the first four years of operation, decreasing somewhat thereafter. Output for the first four years will include production obtained by re-processing stockpiled concentrate and tailings. Credits for silver, lead and zinc production would be applied to the overall cash costs.

The overall cost of the gold recovery plant and modernization of the existing operation is estimated to be approximately $300 million. Government grants will cover 35% of the eligible capital applicable to the construction of the gold plant.

Olympias General Mine Section

Development Focus



Olympias

Development Focus
(TVX Gold's 100% share)

Gold and Silver		Grade gr/mt		
Measured and Indicated	Tonnes	Gold	Silver	Au equiv.
Olympias	11,950,000	7.4	150	9.5
Stockpile	260,000	22.7	23	23.1
Tailings	2,500,000	3.3	–	3.3
	14,710,000	7.0	122	8.7
Contained Ounces				
Olympias		2,848,000	57,520,000	3,640,000
Stockpile		192,000	197,000	190,000
Tailings		265,000	–	270,000
		3,305,000	57,717,000	4,100,000
Inferred		Grade gr/mt		
Olympias	6,000,000	6.7	117	8.3
Contained Ounces				
Olympias		1,280,000	22,730,000	1,600,000
Total Mineral Resource		Grade gr/mt		
	20,710,000	6.9	121	8.6
Contained Ounces		4,585,000	80,447,000	5,700,000

Base Metals

Resource	Tonnes	Lead %	Zinc %
Olympias	18,185,000	4.3%	5.4%

Olympias

Skouries

The Skouries deposit is located in the southwest of the Kassandra concessions, approximately 10 kilometres from the Aegean coast in a sparsely populated area and 15 kilometres southwest of the Olympias mine. TVX Hellas began a 15,000-metre exploration drilling program to test the depth and lateral extensions of the deposit in August 1996, with significant results.

Previous exploration was carried out in the 1960's by Nippon Mining and Placer Development, and in the mid-1970's by the previous Kassandra owners. This work indicated a gold-copper porphyry deposit to a depth of about 400 metres containing 72 million tonnes averaging 0.7 grams of gold per tonne and 0.5% copper.

The TVX Hellas exploration program confirmed Skouries to be a classic, pipe-shaped, gold-copper porphyry. Ore grade mineralization appears to be continuous to depths of over 800 metres in the central parts of the deposit. Two high grade zones are indicated, one from surface to a depth of about 300 metres grading 1.5 grams of gold per tonne and 0.8% copper, and the other a deep core zone extending below a depth of 350 metres and averaging 2.2 grams of gold per tonne and 1.2% copper. The deposit is open at depth and to the southeast.

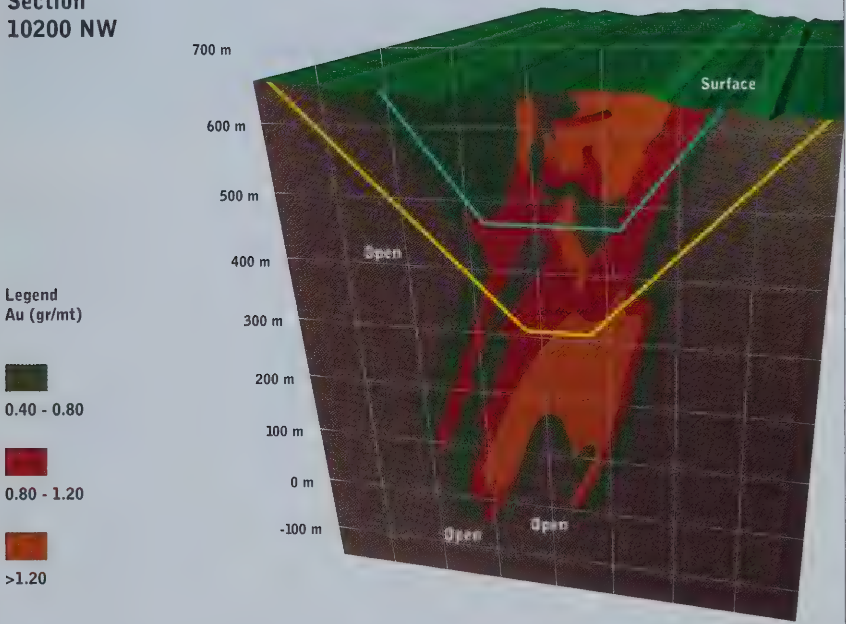
Preliminary metallurgical testwork indicates processing will be straightforward, and will produce a copper concentrate averaging 50 grams of gold per tonne and 30% copper.

During 1997, work will be accelerated. About 13,500 metres of drilling is planned for the first half of the year to delineate the deposit. Conceptual engineering will be conducted to study the scale and duration of potential open pit and underground operations together with preliminary and capital costs for such facilities. A feasibility study will be completed in the first half of 1998.

If one assumes an initial open pit operation of 25,000 tonnes per day, the capital cost of building these facilities will be in the order of $200 million. The resulting production will be in the order of 250,000 ounces of gold per year at a cash cost of less than $100 per ounce net of copper net smelter revenue credits. The project clearly has value and every effort will be made to define the resource and engineer a feasibility report in 1998.

Skouries Gold Grade Contours

Section
10200 NW



Development Focus
(TVX Gold's 100% share)

	Tonnes	Grade gr/mt	Contained ounces
Measured and Indicated	118,940,000	1.0	3,830,000
Inferred	100,000,000	0.7	2,250,000
Total Mineral Resource	218,940,000	0.9	6,080,000
Base Metals	Tonnes	Cu%	
	210,780,000	0.5%	

Skouries

Stratoni

TVX Hellas began shipping lead-silver and zinc concentrates from the Stratoni mill in July 1996, after completing the basic refurbishment and upgrading of the mill and resuming operations at the Madem Lakkos mine, which is located approximately three kilometres from the Stratoni mill.

The Madem Lakkos mine is accessed by a 315-metre shaft and uses the retreat undercut-and-fill mining method. Ore is processed in the Stratoni mill, a 1,200 tonnes per day plant with two flotation circuits. It produces lead and zinc concentrates averaging 70% lead and 53% zinc.

During 1996, approximately 15,000 metres of underground drilling was carried out on the Madem Lakkos deposit. Resources are sufficient for production to continue at the rate of approximately 250,000 tonnes of ore per year for 4-5 years, with head grades averaging 10% zinc, 8% lead and 200 grams of silver per tonne. Operations at the Mavres Petres deposit, located 2 kilometres from Madem Lakkos, were suspended when TVX Gold completed its purchase of the Kassandra complex.

The Stratoni operation is providing a source of cash flow for TVX Hellas and employment for 240 people, while work on the development of the Olympias deposit is in progress.

Stratoni

Development Focus
(TVX Gold's 100% share)

Gold and Silver	Tonnes	Grade gr/mt Gold	Silver	Au equiv.
Mining Reserve	460,000	1.0	153	3.1
Measured and Indicated	1,550,000	5.5	201	8.2
Inferred	4,960,000	2.6	38	3.1
	6,970,000	3.1	82	4.3
Contained Ounces				
Mining Reserve		10,000	2,270,000	50,000
Measured and Indicated		272,000	10,007,000	410,000
Inferred		420,000	5,990,000	500,000
		702,000	18,267,000	960,000

Base Metals	Tonnes	Lead %	Zinc %
Resource	2,968,000	7.8%	11.0%

Note: above table includes Mavres Petres and Madem Lakkos resources

Stratoni

Musselwhite

In February 1996, TVX Gold and its joint venture partner, Placer Dome Canada, made the decision to construct a gold mine on the Musselwhite property in Ontario, Canada. The 9,100-hectare property is located at Opapimiskan Lake, 120 kilometres north of the town of Pickle Lake. TVX Gold has a 32% interest in Musselwhite. Placer Dome Canada holds the remaining interest and is the operator.

Gold production began in March 1997, ahead of schedule and under budget. The mine will produce approximately 200,000 ounces of gold per year for 11 years, at an estimated average cash cost of $210 per ounce. The capital cost of placing the mine in production was $170 million, of which TVX Gold's share was $54 million.

TVX Gold's share of mineable reserves is estimated to be 560,000 ounces of gold and its share of additional resources is 450,000 ounces of gold. Mining may well extend beyond the currently planned 11 years since several exploration targets are already known on the property and its full potential is still to be determined. Exploration in 1996 was aimed primarily at identifying readily accessible mineable resources to supplement the initial mill feed for the project.

Ore is being processed in a 3,300 tonnes per day capacity mill using conventional gravity separation, cyanide leach and carbon-in-pulp technology.

In 1997, Musselwhite is expected to produce approximately 130,000 ounces of gold, at an estimated cash cost of $230 per ounce. TVX Gold's share of production will be approximately 42,000 ounces.

Musselwhite

Development Focus
(TVX Gold's 32% share)

	Tonnes	Grade gr/mt	Contained ounces
Mining Reserve	3,110,000	5.6	560,000
Measured and Indicated	1,050,000	5.8	200,000
Inferred	1,160,000	6.7	250,000
Total Mineral Resource	5,320,000	5.9	1,010,000

Musselwhite

Operations Review

La Coipa, Chile

Crixás, Brazil

Brasília, Brazil

New Britannia, Canada

TVX

La Coipa

The La Coipa open pit operation is one of the largest gold mines in South America and one of the world's largest silver producers. La Coipa is located 4,300 metres above sea level in the Atacama desert region of northern Chile, 800 kilometres north of the country's capital, Santiago, and 140 kilometres by road from the regional centre of Copiapo. TVX Gold has a 50% interest in the mine, while Placer Dome Inc. holds the remaining 50% and is the operator.

At the end of 1996, mineable reserves at the La Coipa operation contained 2.9 million gold equivalent ounces, sufficient for over ten years of operation. The ore deposits on the 7,500-hectare La Coipa property consist of the Ladera-Farellon and satellite Farellon Bajo deposits and, three kilometres distant, the Coipa Norte and adjacent Brecha Norte orebodies. In addition, TVX Gold's share of reserves include approximately 24 million ounces of silver (approximately 400,000 ounces of gold equivalent) contained in the Chimberos silver deposit which lies 25 kilometres northeast of the La Coipa plant.

Mining at La Coipa, which started up in 1989, uses conventional open pit methods and equipment. Two open pits are currently in operation, the original Ladera-Farellon pit which is being mined in three separate phases, and the Coipa Norte pit, which began operations in 1995.

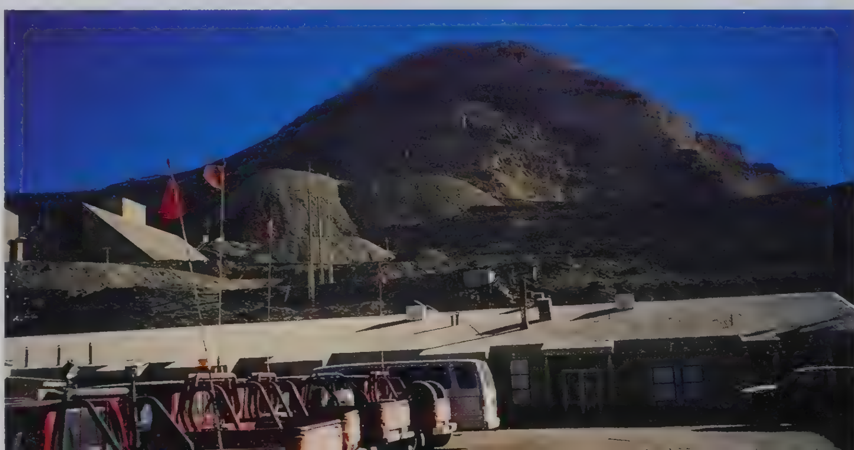
In the La Coipa milling process, ore is crushed, ground and leached, then filtered and washed to separate out the tailings, and passed through a Merrill-Crowe plant and the refinery.

The current Phase II plant at La Coipa began operations in 1991, replacing the original Phase I 1,000 tonnes per day agitation leach plant. Initially designed to process 15,000 tonnes of ore per day, the Phase II plant underwent an expansion which increased capacity above 16,000 tonnes per day in 1995. Project financing of $250 million, arranged to fund the Phase II plant on a non-recourse basis to TVX Gold, was repaid during 1996, leaving the operation debt-free.

Production in 1996 was close to plan, despite strong winds and unusually cold weather in the second quarter and increasingly hard ore that slowed mill throughput and increased costs in the latter part of the year. Adding to the increase in costs was the impact of the increase in stripping costs arising from changes in accounting treatment.

A production decision is expected on the Chimberos silver deposit in 1997. It is anticipated that the ore from Chimberos will be processed in the existing facilities at La Coipa over a 13 month period. This operation will be performed with minimum modifications to the existing facilities.

In 1997, total production from La Coipa is expected to amount to 200,000 ounces of gold and 9.4 million ounces of silver, or approximately 316,000 ounces of gold and gold equivalent.



La Coipa

Mining Operations (TVX Gold's 50% share)	1996	1995	1994
Tonnes milled	2,807,000	2,870,000	2,713,000
Grade (gr/mt)			
Gold	1.7	1.8	1.6
Silver	113	70	92
Gold equivalent	3.2	2.8	2.9
Gold equivalent recovery (%)	73	80	78
Production (ounces)			
Gold	121,100	141,100	116,300
Silver	6,769,000	4,713,000	5,749,000
Combined	210,500	204,600	195,800
Unit costs ($):			
Cash cost per ounce	202	168	171
Operating cost per ounce	312	280	292
Capital expenditures ($000's)	3,169	6,553	7,442

		Grade gr/mt		
Mining Reserve	Tonnes	Gold	Silver	Au equiv.
La Coipa	38,890,000	0.9	67	2.0
Chimberos	2,390,000	–	305	5.3
	41,280,000	0.8	81	2.2
Contained Ounces				
La Coipa		1,074,000	84,204,000	2,533,000
Chimberos		–	23,506,000	407,000
		1,074,000	107,710,000	2,940,000
Measured and Indicated			Grade gr/mt	
La Coipa	7,290,000	0.9	40	1.6
Contained Ounces				
La Coipa		210,000	9,258,000	370,000
Total Mineral Resource			Grade gr/mt	
	48,570,000	0.8	75	2.1
Contained Ounces		1,284,000	116,968,000	3,310,000

La Coipa

Crixás

TVX Gold's 50%-owned Crixás underground gold mine in Brazil is located in Goias State, approximately 260 kilometres northwest of Brasília, the nation's capital, and three kilometres from the town of Crixás. A Brazilian affiliate of AMSA Limited, a Minorco company, holds the remaining interest and is the operator.

The Crixás operation, which has been in production since 1989, is widely acknowledged to be a reliable, consistent, low cost producer. At the end of 1996, TVX Gold's share of mineable reserves amounted to 500,000 ounces of gold, sufficient for a decade of mining at planned production rates. Continuing underground exploration during the year confirmed additional resources in the Corpo Sul deposit, discovered in 1995 south of the main Mina III orebody. Exploration was also carried out in 1996 on properties in the vicinity of the 20,782 hectare property, which is located in the Crixás greenstone belt.

Access to the Mina III deposit at Crixás is by a decline ramp. Mining is being conducted primarily by mechanized cut-and-fill and room-and-pillar methods from the 200-metre and 250-metre levels, with development of the 300-metre and 350-metre levels in progress. Ore is hauled to surface by 22.5-tonne trucks. In 1996, production began from the Mina Nova satellite orebody, approximately two kilometres from Mina III. It also is accessed by a decline ramp. Production from the Corpo Sul deposit is scheduled to begin in 1998.

The Crixás mill incorporates a Merrill-Crowe zinc precipitation process to recover gold. Studies are under way to evaluate increasing annual mill throughput to 720,000 tonnes from the current 540,000 tonnes.

The total production at the Crixás mine is expected to be approximately 124,000 ounces of gold in 1997.

Crixás

Mining Operations (TVX Gold's 50% share)	1996	1995	1994
Tonnes milled	268,900	254,000	227,000
Grade (gr/mt)	7.6	8.0	9.0
Recovery (%)	96	96	96
Production (ounces)			
Gold	62,300	63,300	63,200
Unit costs ($):			
Cash cost per ounce	184	177	170
Operating cost per ounce	246	220	216
Capital expenditures ($000's)	4,369	3,406	3,020

Mining Reserve	Tonnes	Grade gr/mt	Contained ounces
Mina III	1,150,000	7.9	290,000
Mina Nova	1,380,000	4.7	210,000
	2,530,000	6.2	500,000
Measured and Indicated			
Mina III	200,000	4.9	30,000
Inferred			
Mina III	765,000	17.8	435,000
Mina Nova	120,000	6.7	25,000
Corpo Sul/IV	655,000	5.8	120,000
	1,540,000	11.8	580,000
Total Mineral Resource	4,270,000	8.1	1,110,000

Crixás

Brasília

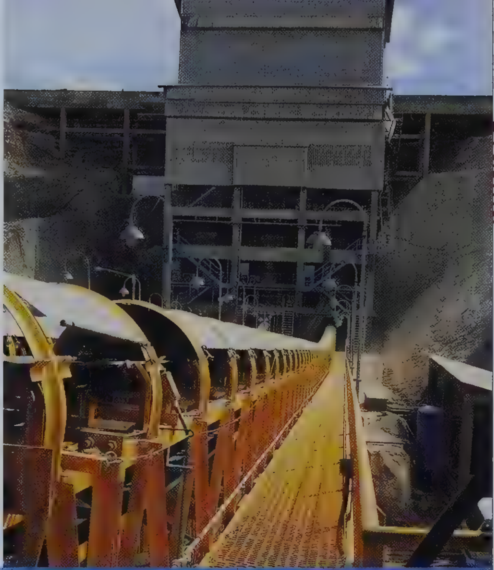
The Brasília mine is a successful, large tonnage, open pit operation, situated approximately 200 kilometres southeast of Brazil's capital city, beside the town of Paracatu in the state of Minas Gerais. It is Brazil's second largest gold producer, and one of the world's lowest grade gold mines. TVX Gold owns a 33% interest in the Brasília mine, with a Brazilian subsidiary of Rio Tinto-Zinc plc. being the majority partner and operator.

TVX Gold's share of mineable reserves at Brasília, which began commercial production in 1988, contained 1,000,000 ounces of gold at the end of 1996. This is sufficient to maintain production at planned rates for a decade. Furthermore, the full potential of the 57,000-hectare Brasília property and the surrounding area still await definition. In this regard, a major regional exploration program in this part of the central Brazilian Shield is planned for 1997 and 1998.

Since the ore at Brasília is at surface and relatively soft, the mining process requires no drilling or stripping and only minimal blasting. Bulldozers loosen and heap the ore for front-end loaders to lift into dump trucks which deliver it to the mill. In the plant, the ore is crushed and ground and passed through a flotation circuit. Coarse gold is recovered by gravimetric methods and the remainder is recovered by cyanidation and carbon-in-leach and carbon-in-pulp processes.

Mining costs improved considerably in 1996 as a result of the introduction early in the year of a fleet of 85-tonne trucks and ancillary equipment, operated by employees, to replace the previous fleet of 20-tonne trucks operated under contract. This step is part of a 2-year $65 million expansion launched in 1996 which includes construction of a $45 million hydrometallurgical plant. The expansion, expected to be completed before the end of 1997, will raise annual mill capacity to 18 million tonnes. As a result, production at Brasília should average over 200,000 ounces of gold per year for six years commencing in 1998, and declining thereafter.

Total production from Brasília in 1997 is expected to be approximately 175,000 ounces of gold.



Mining Operations (TVX Gold's 23% share to December 31, 1994, thereafter 33% share)	1996	1995	1994
Tonnes milled	4,457,500	4,470,000	3,049,000
Grade (gr/mt)	0.50	0.49	0.48
Recovery (%)	76	76	79
Production (ounces)			
Gold	54,500	53,600	38,300
Unit costs ($):			
Cash cost per ounce	202	235	196
Operating cost per ounce	307	306	270
Capital expenditures ($000's)	7,595	5,202	1,394

	Tonnes	Grade gr/mt	Contained ounces
Mining Reserve	74,530,000	0.43	1,040,000
Inferred	17,000,000	0.43	230,000
Total Mineral Resource	91,530,000	0.43	1,270,000

Brasília

New Britannia

The New Britannia mine at Snow Lake, Manitoba, in central Canada, is operated and 50%-owned by TVX Gold. High River Gold Mines Ltd. holds the remaining 50% interest. New Britannia produced 68,000 ounces of gold in 1996, its first full year of operation. Commercial production, for reporting purposes, commenced on August 1, 1996.

TVX Gold's share of New Britannia's mineable reserves was estimated to contain approximately 280,000 ounces of gold at the end of 1996, sufficient for over half a decade of operation at planned production rates. In addition, 150,000 ounces of measured and indicated resources, along with exploration potential on the defined area of interest, is expected to add to the reserves. Underground exploration drilling is also planned from development drifts on the 915-metre level in the mine to test above and below the level for extensions of the Dick, Ruttan and Hogg zones which are open at depth. About $1.6 million was spent on exploration in 1996, primarily on surface work. Some underground drilling carried out to test for extensions of the Hogg zone succeeded in doubling the strike length of the zone, to 275 metres.

The Toots zone in the upper part of the mine is being mined at a rate of 300 tonnes per day using conventional longhole methods. The lower Dick and Ruttan zones are being mined at a combined rate of 1,500 tonnes per day. These primary zones will be mined by longhole retreat methods without backfill.

Development is being carried out to provide access to the Hogg zone. A tracked haulage system has been installed on the 390-metre level and is being established on the 915-metre level. By the end of 1996, the main ramp being driven between the Dick and Ruttan zones from the 545-metre level had reached the 674-metre level.

New Britannia's milling complex incorporates conventional crushing, grinding and carbon-in-pulp technology. Designed to process 1,850 tonnes of ore per day, and to allow for expanded capacity at reasonable cost, the mill has processed 2,300 tonnes per day with no changes. Gold recoveries in the latter part of the year exceeded 89% compared to the planned 87% when processing ore from the main mine.

Total production in 1997 is estimated to be approximately 85,000 ounces of gold, while cash costs are expected to decrease to below $275 per ounce. A major objective of the year will be to continue a high rate of development so that by 1998 the developed reserves, ready for drilling and blasting, will exceed 400,000 tonnes.

New Britannia

Mining Operations (TVX Gold's 50% share)	1996
Tonnes milled	278,200
Grade (gr/mt)	4.4
Recovery (%)	88
Production (ounces)	
Gold	34,300
Unit costs ($):	
Cash cost per ounce	315
Operating cost per ounce	409
Capital expenditures ($000's)	6,113

	Tonnes	Grade gr/mt	Contained ounces
Mining Reserve			
Main Mine	1,890,000	4.6	280,000
Measured and Indicated			
Main Mine	440,000	5.2	70,000
Other	430,000	5.7	80,000
	870,000	5.5	150,000
Total Mineral Resource	2,760,000	4.8	430,000

New Britannia

Mineral Hill

Mining and milling operations at TVX Gold's 100%-owned Mineral Hill mine in Montana in the United States were suspended early in September 1996, and the facilities placed under care and maintenance, since continuing losses and the capital expenditures necessary to continue the operation were not justifiable. Production had declined as ore grades decreased and insufficient ore was being supplied to the mill.

The advance of the tunnel started in October 1994 to connect the Mineral Hill mine to the Crevice Mountain deposit, approximately four kilometres in distance, was delayed by water inflows. Surface drilling was continued on the Crevice Mountain deposit, in order to assess whether or not this resource might be mined in the future. To date a resource containing 430,000 ounces of gold has been identified at Crevice Mountain.

Since production began in 1989, Mineral Hill has produced a total of 270,000 ounces of gold. During the eight months it operated in 1996, it produced 17,300 ounces. The Mineral Hill property is located in the Beartooth Mountains, eight kilometres northeast of Gardiner and 90 kilometres south of Livingston, close to the boundary of Yellowstone National Park.

(TVX Gold's 100% share)	1996	1995	1994
Tonnes milled	97,800	164,000	182,000
Grade (gr/mt)	5.9	7.0	7.2
Recovery (%)	94	95	93
Production (Ounces)			
Gold	17,300	34,900	39,300
Unit costs ($):			
Cash cost per ounce	524	359	321
Operating cost per ounce	572	409	374
Capital expenditures ($000's)	6,090	8,722	3,852

Mineral Hill

Casa Berardi

TVX Gold, the operator and 60%-owner of the Casa Berardi mine, and its partner, Golden Knight Resources Inc., decided in January 1997 to suspend mining and milling operations at the Quebec, Canada operation and, as a result, gave a 90 day notice of their intention as required under Quebec law. This decision was the result of continuing operating losses and the capital requirements to drill and develop the existing resources. TVX Gold is in the process of selling the property.

In early February 1997, operations were temporarily suspended because of geotechnical problems in the East mine at the 275-metre level. The partial failure of a cement plug installation, designed to prevent surface material from flooding into the lower reaches of the mine, prompted the removal of all personnel and equipment from the East mine. There was no detectable inflow of surface material into any active mine workings, but as a precautionary measure, operations in the West mine and Principale ore zone were also suspended. Approximately 100 employees were laid off, pending a full geotechnical assessment of the conditions in the East mine.

The 15,000-hectare Casa Berardi property is located in northwestern Quebec, 100 kilometres north of the town of La Sarre. It contains a mill capable of processing 2,400 tonnes of ore per day from the East and West underground mines, located five kilometres apart. A deep development program was initiated late in 1994, in part to link the two mines underground at the 300-metre level and to provide access to the Principale ore zone which lies between the mines. Unfortunately, while this work was in progress, production from the mines was below expectations. In 1996, operations were also interrupted by a 6-week strike which commenced in April and was settled in May.

Production from Casa Berardi in 1996 reached 76,000 ounces, more than in 1995 but less than planned. Although some significant progress was made in reducing operating costs during the year compared to 1995, it became evident that grades and production from the ore remnants in the two original mines would be erratic over the next year and a half. In addition, after further review and new engineering studies conducted on the Principale ore zone, it was determined that a substantial cash infusion would be required to develop this zone for production. After several possible courses of action were reviewed, the decision was made to suspend operations.

(TVX Gold's 60% share)	1996	1995	1994
Tonnes milled	299,000	282,000	364,000
Grade (gr/mt)	5.4	4.7	5.8
Recovery (%)	87	86	87
Production (Ounces)			
Gold	45,600	36,700	60,000
Unit costs ($):			
Cash cost per ounce	356	449	227
Operating cost per ounce	461	557	318
Capital expenditures ($000's)	6,668	15,028	9,928

Casa Berardi

Projects / Exploration Highlights

Kasperske Hory, Czech Republic

Asacha, Russia

Gurupi, Brazil

Volta Grande, Brazil

Pachicutza, Ecuador

Quimsacocha, Ecuador

La India, Nicaragua

TVX

Kasperske Hory

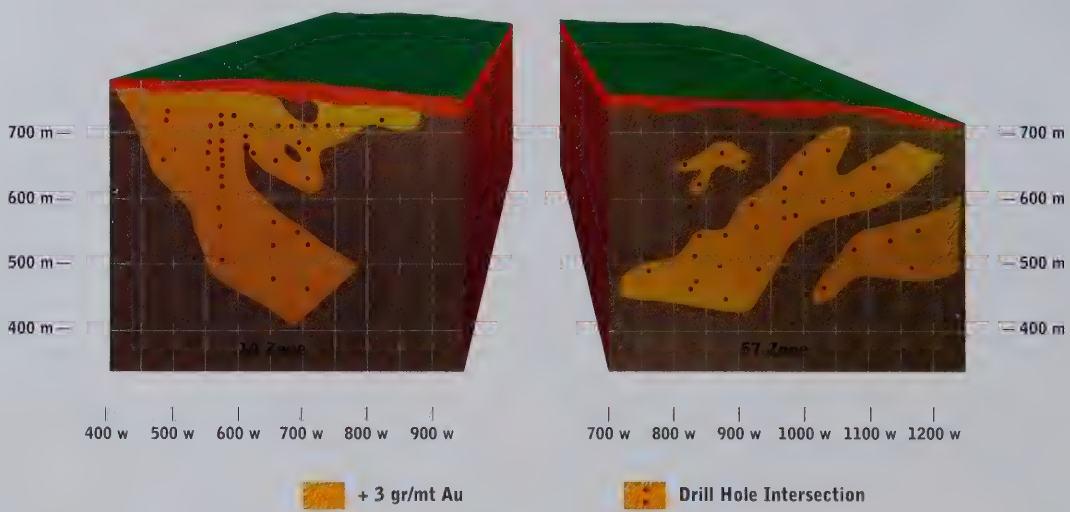
TVX Gold's wholly-owned Kasperske Hory property in the Czech Republic is located 160 kilometres southwest of Prague and about 20 kilometres from the border of Germany, in an area that has a long history of gold mining and exploration. The property, held through a wholly-owned subsidiary, TVX Bohemia Dulni a.s., covers about 10,500 hectares.

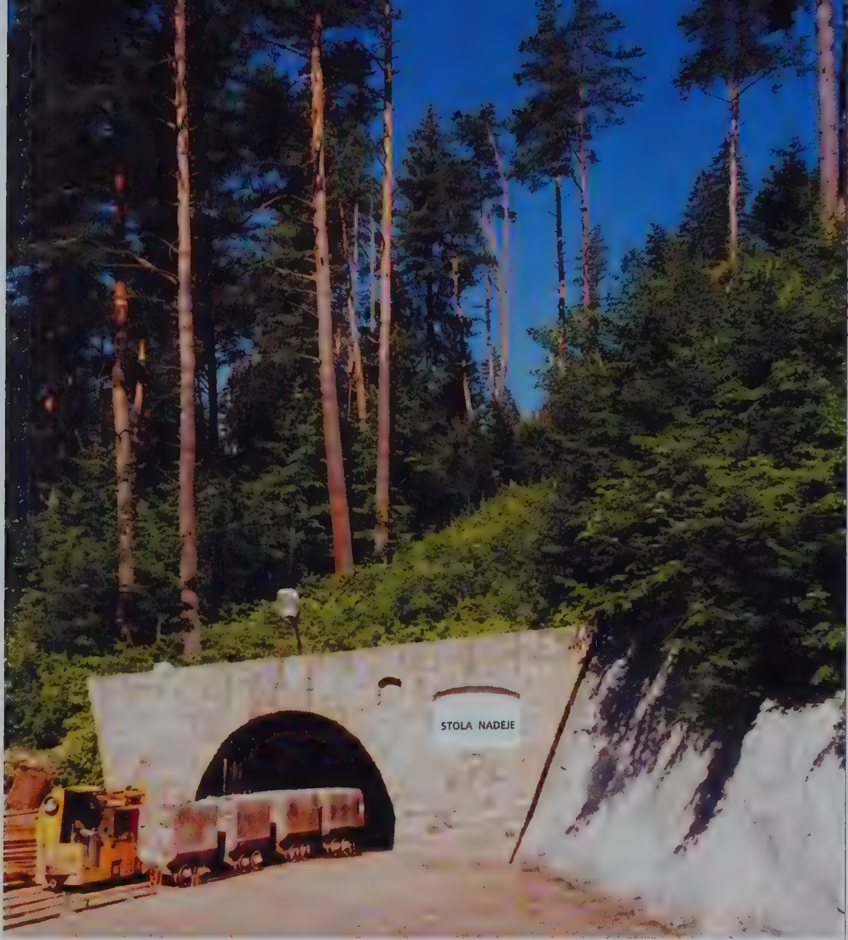
Since acquiring the property in 1994, TVX Gold has been conducting surface and underground exploration in order to confirm and expand the resource base, with successful results. Three major occurrences of gold mineralization in quartz veins have been identified to date. Most of the exploration has concentrated on the Golden Creek deposit, which has undergone 3,000 metres of development and 45,000 metres of diamond drilling. By the end of 1996, the Kasperske Hory resource base was estimated to average 9.3 grams per tonne and contain 3.0 million ounces of gold.

Metallurgical testwork carried out in 1996 demonstrated that gold can be recovered economically from the Kasperske Hory ore without the use of cyanide in the extraction process. The combined gravity and flotation method is expected to result in recoveries in excess of 85%.

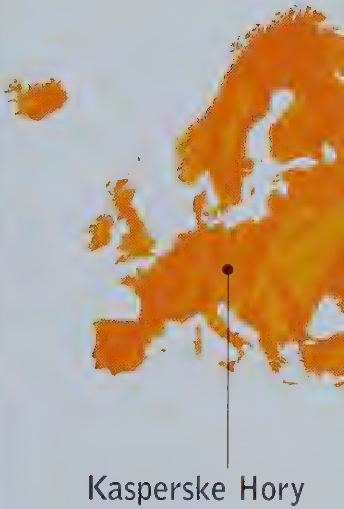
A pre-feasibility study completed in September 1996 envisages an underground mining operation at Kasperske Hory accessed by ramp, using a cut-and-fill mining method with high density backfill and producing in excess of 100,000 ounces of gold annually. Exploration, including bulk sampling, is planned to resume after the 1997 proposed program is approved by the Czech Mining Authority.

Two major gold-bearing zones, Golden Creek Deposit





Kasperske Hory



	Tonnes	Grade gr/mt	Contained ounces
Measured and Indicated			
Golden Creek	3,000,000	9.2	890,000
Inferred			
Golden Creek	770,000	8.8	220,000
Western Extension	6,000,000	9.3	1,790,000
Zdanov	250,000	11.9	100,000
	7,020,000	9.3	2,110,000
Total Mineral Resource	10,020,000	9.3	3,000,000

Kasperske Hory

Asacha

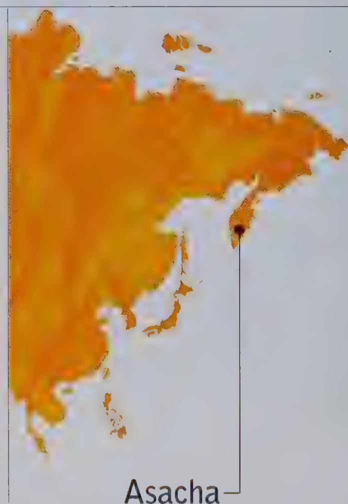
TVX Gold has a 50% interest in the Asacha gold-silver deposit in Russia's Far East, in southern Kamchatka. A feasibility study on the property is expected to be completed in mid-1997.

Since acquiring its interest in the property in 1995, TVX Gold has carried out a surface drilling program, which will continue in 1997, commissioned a feasibility study by Kvaerner Davy International, and made application for mining permits.

At the end of 1996, the Asacha deposit was estimated to contain resources of 800,000 ounces of gold, of which TVX Gold's share amounts to 400,000 ounces of gold at an average grade of 16 grams of gold per tonne. The objective of the ongoing drilling program is to increase the resource base to in excess of one million ounces of gold as the Company meets its commitments toward earning a 100% ownership of the property. The deposit is a classic, high grade, epithermal-vein type, associated with the recent volcanism that characterizes the circum-Pacific region. Much of the mineralization occurs as free gold, and testwork indicates that recoveries of over 90% are achievable by gravity and normal cyanidation processes.

Under consideration for Asacha is an underground operation producing 100,000 ounces annually, with construction expected to take about 18 months once the project is permitted.

TVX Gold acquired its 50% interest in Asacha for a payment of $3.6 million, through the acquisition of 50% of the outstanding shares of Trevozhnoye Zarevo ("TZ"), a Russian company. The Company has the contractual obligation to make additional payments totaling $5.3 million to fund completion of a feasibility study and to obtain final permitting, upon completion of which, subject to Russian law, it will have earned a 100% interest in the Russian company.



In connection with its acquisition of TZ, TVX Gold acquired an interest in the Rodnikovoe property, located about 40 km north of Asacha. Rodnikovoe is a gold-silver deposit. TVX Gold reviewed the information provided by its Russian partners and outlined resources of 700,000 ounces of gold equivalent at grades of 13.4 grams per tonne gold and 117 grams per tonne silver. During 1996, TVX Gold reached agreement with the Kamchatka government to postpone further exploration development work at Rodnikovoe until Asacha is in operation.

Exploration Highlights

Gurupi, Brazil

The Gurupi project, a 50:50 joint venture between TVX Gold and Santa Fe Pacific Gold, is located 350 kilometres southeast of the city of Belem, close to the Gurupi River in the state of Maranhao. The companies are investigating a 185,000 hectare property covering a shear zone which extends for 20 kilometres and is two kilometres wide. Gold is contained in metavolcanic and metasedimentary rocks in two intensely mineralized parallel trends cut by shear zones and quartz stockworks and veins. By the end of 1996, 84 diamond drill holes totaling 15,500 metres and 194 reverse circulation drill holes totaling 21,700 metres had been completed as well as surface sampling and geophysical surveys. Five potential open pit gold-bearing targets have been identified in saprolite and bedrock, ranging up to 2.8 kilometres in length and 15-60 metres thick with grades of about one gram of gold per tonne. The measured and indicated resource is estimated to contain 2.4 million ounces of gold, of which TVX Gold's share is 1.2 million ounces of gold. Drilling will continue in 1997, with 24,000 metres of reverse circulation and 7,200 metres of diamond drilling planned, with the objective of confirming mineable reserves in excess of one million ounces of gold.

Volta Grande, Brazil

The Volta Grande project is located on the Xingu River in the Amazon Basin, 460 kilometres southwest of Belem in the state of Para. Battle Mountain Exploration Company is earning a 50% interest in this TVX Gold property by making exploration expenditures of $3.5 million before June 1, 1998, and property payments of $890,000 in the same period. The 15,100-hectare property lies in the Carajas mineral province associated with the Palmeiras greenstone belt and covers a shear belt eight kilometres wide extending through the property for over 18 kilometres. During 1996, auger drilling, geochemical surveys and a preliminary diamond drilling program indicated at least three parallel targets with open pit and additional underground potential. On the main target, traced for three kilometres along strike over a width of 400 metres, drilling along 2,000 metres of strike length has indicated multiple mineralized zones ranging from 4-36 metres in thickness with grades ranging from 0.6-6.0 grams of gold per tonne. Exploration and infill drilling and drilling along the full strike-length of this target are planned for 1997. The other two targets will also be drilled during 1997. In total, 7,700 metres of reverse circulation and 7,900 metres of diamond drilling are planned.

Pachicutza, Ecuador

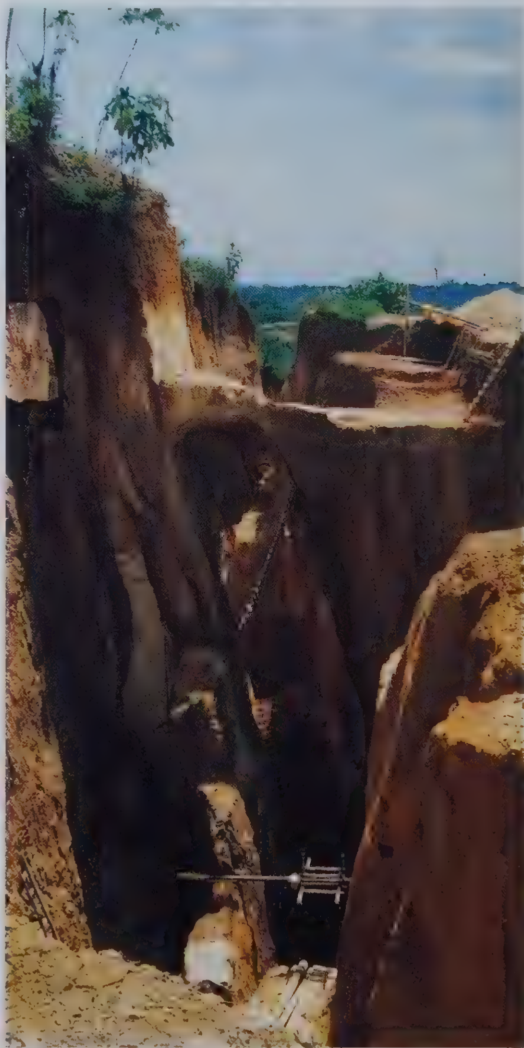
TVX Gold completed surface drilling and an adit at Pachicutza during 1996. Although results indicated continuity of the main vein structures, the underground exploration did not add sufficient resources to warrant the Company's continued involvement. As a result, the Company is seeking a purchaser for this property.

Quimsacocha, Ecuador

TVX Gold has a 33% interest in the Quimsacocha project, a joint venture with Cogema and Newmont Overseas Explorations Limited. The project covers 12,250 hectares and is located southwest of the city of Cuenca in the Azuay Province of south-central Ecuador. A drilling program initiated in 1996 to test the bulk tonnage potential of several areas containing anomalous gold-silver-copper values will be continued in 1997. The main target of the program is to determine the potential of the property to host occurrences similar to Newmont's Yanacocha deposit.

La India, Nicaragua

TVX Gold can earn a 60% interest in the La India property in Nicaragua from Triton Mining Corporation by spending $4.5 million on the property, making property payments to Triton of $2 million and completing a feasibility study demonstrating economic viability at a minimum annual production level of 50,000 ounces of gold by the end of 1998. The 18,000-hectare property is located 70 kilometres north of Managua. TVX Gold spent over $500,000 on trenching, underground sampling and surface drilling in 1996.



Corporate Responsibilities

As a growing company engaged in the operation, development and exploration of precious metals properties worldwide, TVX Gold is committed to conducting all of its activities in a responsible manner. In particular, TVX Gold focuses on the health and safety of its employees, on the protection of the environment and on support for the communities in which it operates.

Workplace Health and Safety

Health awareness and safety training programs are a primary component of TVX Gold's operations. New employees are given introductory orientation programs. Further instruction and training are given to employees old and new on an ongoing basis with the goal of improving safety performance on and off the job.

At the New Britannia mine, the emphasis on training since start-up resulted in the mine completing a full year without a lost time accident in November 1996.

Training programs at the Crixás operation have led to increasing numbers of local residents filling various positions.

The Brasília mine has received the British Safety Council's Sword of Honour and the International Loss Control Institute's 5-star award annually for a number of years, in recognition of its performance.

Kassandra represents a special opportunity for TVX Gold. Under the terms of the purchase contract, the Company is committed to fulfilling certain obligations with respect to the employment and retraining of previous employees. In general terms, it is obliged to employ 550 previous employees for three years. After the Kassandra transaction closed at the end of 1995, the operations were suspended to allow the facilities to be refurbished. At the same time, employees were retrained in mining and milling methods and practices consistent with TVX Gold's corporate standards. The subsequent resumption of operations at the Madem Lakkos mine and the Stratoni mill now provides an opportunity for employees to gain operating experience. This experience will serve them and the Company well when the Olympias and Skouries mines come on stream.

While serious training is hard work, it can also be rewarding, as New Britannia's mine rescue team found out during the Manitoba Mine Rescue Competition in 1996. They won, in this their first year, over six teams from other mines in the province. The mine will co-host the competition in 1997.

Environment

TVX Gold works to protect the environment by minimizing the impact of its activities and carrying out reclamation. The Company's overall objective is that each operation conform with or exceed international environmental standards for the industry. Each mine develops an environmental program that complies with local, state and federal guidelines. In addition, the Company is developing an environmental policy, and performance criteria, which will be in place in 1997.

TVX Gold's operations and projects are located around the world, in diverse environmental settings. Each site is working to preserve its own unique characteristics, while benefitting from the experiences gained at operations worldwide.

Because of their proximity to the local towns, dust and noise levels are monitored closely at Brasília and New Britannia. The use of larger and fewer trucks at Brasília has assisted in reducing noise levels and fuel consumption. Brasília also operates an environmental simulation laboratory where, among the many tests it conducts, it can assess the best combination of trees and shrubs for different soil types.

At La Coipa, in a desert environment, the tailings are treated in a large filtration system which recovers water for re-use in the mill circuit. The need for water, which otherwise is piped from a source 48 kilometres from the plant, is reduced.

The Crixás operation pipes most of its tailings underground for use as backfill. This provides stability in mined out areas and decreases the need for storage facilities on surface.

At Kassandra, TVX Hellas is committed under the terms of the purchase contract to carry out a specific environmental remedial program. This work includes environmental studies and rehabilitation at a cost of $3 million and upgrading the existing operations at a cost of $4.3 million. While TVX Hellas is not liable for environmental damage from past mining activities, it plans to carry out additional remedial work on its own initiative.

An additional component of the Kassandra environmental program includes studying the environmental implications of the various options for the gold plant at Olympias, evaluating potential tailings impoundment sites and keeping the local communities well informed about the projects.

Community Involvement

A company's involvement with the communities in which it operates can take many forms. TVX Gold adapts its involvement to local needs and culture. It tends to emphasize projects that will benefit young people, and encourages employees to participate in community activities. The Company is also represented in mining organizations and supports research into mining techniques and exploration methods.

Local schools are supported at the La Coipa and Crixás operations. At some operations, summer employment is available for high school and university students, as are scholarships for college and university. In Rio de Janeiro, TVX Gold funds the Cruzado do Menor, an independent charitable organization which provides underprivileged children with food, improved education facilities and vocational training.

At Brasília, where the mine is the largest employer in town, it has built housing and contributed to the hospital, among other institutions.

The New Britannia mine assists local tourism by organizing mine tours and has contributed to the local mining museum with funds and artifacts.

At Kassandra, TVX Hellas has supported local soccer teams and cultural events and contributed to repairs of a local church.

Communicating with the Company's neighbours means listening to their concerns as well as keeping them informed about the Company and its activities. A Citizens Advisory Committee met regularly at Mineral Hill, while at Snow Lake the community is small enough that the occasional concern has been expressed directly to New Britannia's general manager. New Britannia uses the local TV station and a monthly newsletter to inform Snow Lake residents of its activities. At Kasperske Hory, English classes have been offered to local residents.

One of the goals of TVX Gold is to educate local residents and various government officials about modern mining and reclamation techniques. To that end, in 1996, the Company organized site visits of North American mining operations for representatives from various levels of Greek government and journalists from the Czech Republic.

Management's Discussion and Analysis of Financial Results

TVX

Management's Discussion and Analysis of Financial Results

MD&A

Summary

Management's Discussion and Analysis provides a review of TVX Gold Inc., its subsidiaries and joint venture interests for year over year changes between 1996 and 1994 and expected trends into 1997. It should be read in conjunction with the annual audited financial statements.

The following table highlights key statistics of the Company:

	December 31 1996	1995	1994
Revenue	**$ 154,194**	$ 156,948	$ 157,175
Earnings from operations before property writedowns	**23,060**	28,666	31,353
Mine property writedowns	**94,668**	–	–
(Loss) earnings from operations	**(71,608)**	28,666	31,353
Interest expense	**$ 12,270**	$ 7,225	$ 7,395
Exploration	**17,652**	18,991	15,645
(Loss) net earnings	**(85,955)**	9,414	22,779
Cash provided by operating activities	**35,615**	40,742	56,597
Total debt	**223,955**	134,226	80,558
(Loss) earnings per share	**$ (0.53)**	$ 0.06	$ 0.14
Operating cash flow per share	**$ 0.22**	$ 0.25	$ 0.36
Outstanding common shares (millions)	**162.1**	160.6	160.0

All dollar amounts are expressed in thousands of United States dollars except per share amounts.

(Loss) Net Earnings

The loss in 1996 totaled $86.0 million, representing a decrease of $95.3 million over the net profit of $9.4 million realized in 1995, which was a 59% decrease from the $22.8 million realized in 1994.

The significant decrease in 1996 earnings from 1995 is principally related to the charge resulting from the Company's decision to suspend operations and dispose of both the Mineral Hill and Casa Berardi mines. As a result, the Company has taken an after tax charge to reduce the carrying value of these assets to their estimated net realizable amount resulting in a charge to earnings of $94.7 million. The impact of these writedowns was reduced by gains of $24.0 million as a result of the sale of minority equity positions held in publicly traded mining companies.

The decrease in 1995 earnings from 1994 is principally related to lower foreign exchange gains due to the stabilization of the Brazilian currency, higher exploration spending and higher operating costs encountered at the Casa Berardi and Brasília mines. These reductions in earnings were partially offset by the gains realized on the settlement of the Brisas property dispute and lower income taxes.

Mine Operations

A description of the Company's operations is contained on pages 15 to 44 of this report. The description provides unit costs, operating and resource information and operations review.

Revenue

Revenue from 388,800 ounces of gold and gold equivalent sold during the year was $154.2 million, consistent with the $156.9 million from sales of 413,100 ounces reported in 1995 which was consistent with the $157.2 million from sales of 422,900 ounces in 1994.

Realized revenue on a gold equivalent ounce basis was $397 in 1996, $380 in 1995 and $372 in 1994, compared to COMEX averages of $388, $384 and $384 respectively. The Company's realization per ounce sold differs from the COMEX average primarily as a result of hedging programs.

	1996	1995	1994
Spot revenue	**388**	384	384
Hedging income (gold/silver)	**7**	(4)	(7)
Deferred revenue	**2**	–	(5)
Realized revenue per ounce	**397**	380	372

Hedging programs, which are primarily entered into to minimize the downside risk of metal price fluctuations, improved revenues by $3.4 million in 1996 and decreased revenue by $1.7 million in 1995 and $5.1 million in 1994. The Company has a hedging policy which allows management to hedge up to a maximum of 60% of the next five years of production and was amended in March 1997 to extend coverage to 40% of production for an additional five years. The Company uses forward sales, spot deferred sales, the sale of call options and the purchase of put options to hedge production from time to time. The Company constantly reviews its hedging position; changes in the price of gold and silver, interest rates and contangos could cause the Company to change its position on hedging. A description of the Company's consolidated hedging position is found on pages 64 and 65 of this report.

The consistent revenues between 1996 and 1995, despite selling 6% fewer ounces in 1996, were due to favourable hedging programs initiated at La Coipa and programs at the corporate level which resulted in an overall 4% increase in realized revenue per gold equivalent ounce over 1995. The consistent revenues between 1995 and 1994 were the combined result of lower gold equivalent ounces sold, due to reduced sales from the Casa Berardi and Novo Astro mines, offset by an increased ownership interest in Brasilia and higher realized prices.

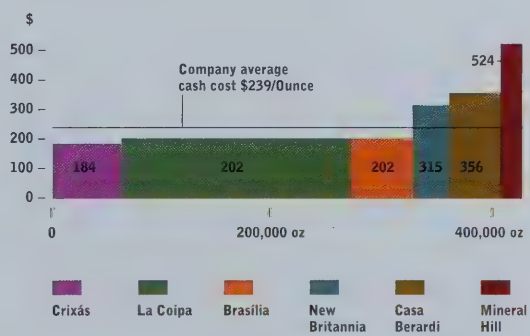
Mine Operating Costs

Cost of sales

For purposes of financial reporting, the Company defines cost of sales as operating costs, marketing, refining and changes in inventory levels, together with administration expenses at the joint venture level directly attributable to mining activities. The Company's cash costs in both total dollars and per gold equivalent ounce measures are dependent on the amount of production contributed by each mine during the year.

In 1996, cash costs totaled $92.9 million compared to $90.7 million in 1995 and $84.3 million in 1994. On a gold equivalent ounce sold basis, cash costs were $239 in 1996, up from $219 in 1995 and $199 in 1994.

Comparison Production / Cash Cost



Cash costs at the La Coipa mine, which accounted for 41% of the Company's cost of sales in 1996, increased to $202 per gold equivalent ounce sold in 1996 compared to $168 in 1995, primarily due to the negative impact of a reassessment of the open pit mines' stripping cost allocation between operating and capital costs.

The Crixás mine cash costs increased marginally to $184 per ounce sold from $177 per ounce sold in 1995 as a result of higher operating costs. The Brasília mine cash costs decreased significantly to $202 per ounce sold from $235 per ounce sold in 1995. This decrease is related to the introduction of a fleet of larger haulage trucks with mining performed by Brasília employees, rather than contractors. The stabilization of the Brazilian currency positively impacted both the Crixás and Brasília mines.

The New Britannia mine commenced commercial production for reporting purposes on August 1, 1996 and produced at $315 per ounce sold in 1996.

Due to ongoing high operating costs and increasing capital expenditures necessary to develop additional mineable reserves, the Casa Berardi and Mineral Hill mines have been placed on care and maintenance with the intent to dispose of the properties. These mines produced at cash costs of $356 and $524 per ounce respectively in 1996.

The increase in the Company's average cash cost per ounce to $219 in 1995 from $199 in 1994 was principally the result of reduced production and added development costs at Casa Berardi which resulted in cash costs increasing to $449 per ounce sold from $227 per ounce sold in 1994 as well as increases at Brasília related to unfavourable exchange rate variances and lower mill recoveries.

The Company anticipates overall unit cash costs in 1997 similar to those encountered in 1996, as increases in cash costs at La Coipa, due to declining grades, will be offset by the closures of high cost operations at Casa Berardi and Mineral Hill.

Depletion and Depreciation

Depletion and depreciation expenses increased to $38.2 million in 1996 from $37.6 million in 1995 and $41.6 million in 1994. On a per gold equivalent ounce basis they were $98 in 1996, $91 in 1995 and $98 in 1994. The Company's depletion and depreciation expenses, in both total dollars and per gold equivalent ounce measures, are dependent on the amount of sales, capital costs and precious metals reserve base for each mine. All mines are different and therefore the depletion and depreciation expense is a composite amount.

The 2% increase in depletion and depreciation expenses, despite selling 6% fewer ounces, is primarily due to the impact of increased unit charges at Brasília, as a result of the utilization of its own mining fleet, and at Crixás, due to a reassessment of methodology. The decrease by 10% in 1995 compared to 1994 was primarily due to the completion of mining at Novo Astro, which had a relatively high depletion charge, and reduced charges at Casa Berardi, due to lower production levels.

The Company anticipates depletion and depreciation charges similar to 1996 in 1997.

Mine Property Writedowns

Due to high operating costs, inconsistent gold production and significant future capital costs which could not be justified, the Company placed the Mineral Hill mine on care and maintenance in mid 1996 and also announced that it would suspend operations at the Casa Berardi mine at the end of the first quarter of 1997. The Company has taken a charge totaling $94.7 million to cover the cost of writing down the book value of these mines to their estimated realizable amount. Efforts are underway to dispose of these properties, as well as Pachicutza.

Other Expenses (Income)

Corporate Administration Expenses

Corporate administration increased to $12.2 million in 1996 compared to $10.1 million in 1995 and $7.5 million in 1994 which represents, on a per gold equivalent ounce basis, $31, $24 and $18 respectively.

The increase in 1996 costs is the result of increased salary costs related to the development of an international mining team and increased capital taxes in Canada. The increase in 1995 from 1994 is related to increased salaries and a one time charge of $1.3 million associated with the closure of an office and severance of employees.

The Company anticipates corporate administration costs of $12 million in 1997.

Interest Expense
Interest expense was $12.3 million in 1996 compared to $7.2 million in 1995 and $7.4 million in 1994. Interest expense increased in 1996 from 1995 by 71% as a result of the issuance of $150 million Unsecured Notes in January 1996 which was partially offset by the repayment in full of the La Coipa project loan and the capitalization of corporate interest totaling $3.1 million related to development projects. Interest expense was consistent between 1995 and 1994 as increases in debt financing in the latter part of the year were offset by scheduled debt repayments.

Interest expense and capitalized interest are expected to increase in 1997, as the Company finances its long term growth in Greece.

Exploration and Business Development
The Company participates in minimal grass roots exploration, preferring to focus on advanced stage projects. Exploration spending, exclusive of property acquisition costs, amounted to $17.7 million in 1996 compared to $19.0 million and $15.6 million in 1995 and 1994 respectively. The most significant expenditures made in 1996 were at the Gurupi project in Brazil, the Collon project in Peru and at the Mineral Hill and Crixás mines. In 1995, the major expenditures were at the Pachicutza project in Ecuador, the Mineral Hill mine in Montana, and various properties in Brazil and Peru. In 1995 the Company also completed its commitment for research into the technology of treating refractory ores.

The Company's policy is to expense exploration and development expenditures until it has been established that a mineral property has development potential. When this has been established, further costs prior to the commencement of mining are capitalized. All property acquisition costs are capitalized and expensed only when properties are abandoned or depleted or when the property commences production. During 1996, the Skouries deposit in Greece was determined to have development potential.

The Company expects to reduce its exploration spending in 1997, with planned expenditures being approximately $12 million.

Translation and Foreign Exchange Loss (Gains)
The impact of foreign exchange continued at reduced levels in 1996 consistent with 1995. In 1994, the Company realized significant favourable foreign exchange gains as a result of dramatic changes to the Brazilian monetary system. The Company does not anticipate significant fluctuations from foreign exchange during 1997 due to the stabilization of the economy in Brazil, where two of the Company's primary operations reside.

Interest Income
The Company's policy is to invest its surplus cash in liquid, short-term investments. In 1996, the Company's interest income was $16.9 million as compared to $15.8 million in 1995 and $18.8 million in 1994. Interest income remained high in 1996 and 1995, despite increasing capital requirements, due to high interest rates received on short-term investments in Brazil.

The Company anticipates interest income will decrease in 1997 due to the requirement of cash for funding development projects.

Gains on Marketable Securities
Gains on marketable securities increased to $24.0 million in 1996, up from $5.4 million in 1995 and no gains in 1994. In 1996, the Company realized a gain of $6.9 million from the sale of its shares in Gold Reserve Corp. which were received on the settlement of the Brisas property dispute. Also, the Company realized a gain of $15.2 million from the sale of Arequipa Resources Ltd. shares. In 1995, the Company realized a gain on the disposition of the Brisas property totaling $7.5 million, which was offset by a provision of $2.1 million for other marketable securities.

The Company does not anticipate significant gains or losses from marketable securities in 1997.

Other, net
Other losses were $6.6 million in 1996, $2.6 million in 1995 and $0.4 million in 1994. The loss in 1996 and 1995 is principally related to the marking to market of silver contracts for accounting purposes which are not designated as hedges.

Income and Mining Taxes

Effective tax rates on earnings before income and mining taxes were (6.5%) in 1996, 0% in 1995 and 26% in 1994. The effective rate is a composite rate comprised from the various regimes in which the Company operates.

Despite incurring a consolidated loss in 1996, tax charges of $5.3 million were incurred. These charges arose principally from the South American operating mines and were not reduced by tax affecting losses, principally in Canada, as virtual certainty did not exist in order to enable the Company to record the benefit of these losses.

The significant drop in the effective tax rate in 1995 from 1994 is primarily related to lower rates in the Company's foreign jurisdictions and due to nontaxable gains realized in foreign subsidiaries.

The Company expects its long-term effective tax rate to average 30%.

Cash Flow and Liquidity

Cash Flow from Operating Activities

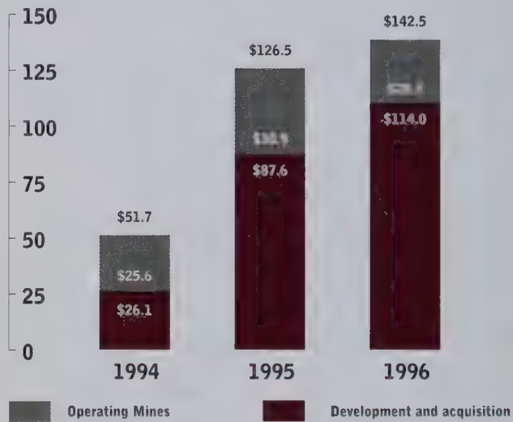
Cash provided from operating activities totaled $35.6 million in 1996, $40.7 million in 1995 and $56.6 million in 1994. The decrease in 1996 cash flow from 1995 is attributed to higher operating costs and increased interest expense. The decrease in the 1995 cash flow from 1994 is attributed to higher cash operating costs, higher exploration spending and reductions in realized foreign exchange gains.

Working capital, excluding cash, bank indebtedness and the current portion of debt, was $12.9 million at December 31, 1996, compared to $54.5 million and $31.0 million in 1995 and 1994 respectively. The decrease in 1996 from 1995 is primarily related to the sale of marketable securities and increased accruals for closure costs at Casa Berardi and Mineral Hill, while the increase in 1995 from 1994 is primarily attributed to the acquisition of marketable securities and the inclusion of the Kassandra assets.

Investing Activities

Investments in mining property, plant and equipment were $142.5 million in 1996 compared to $126.5 million in 1995 and $51.7 million in 1994. The continued increase in investments in 1996 and 1995 was primarily due to the acquisition of producing and development properties and the continued growth of current operations.

Mine Capital ($ Millions)



The following significant investments were made in 1996:

Existing Operations

• Brasilia, Brazil – expenditures amounting to $7.6 million focused on the introduction of the new mining fleet and the commencement of the plant expansion to 18 million tonnes per year from 13.5 million tonnes per year which is expected to be completed in 1997.

• New Britannia, Canada – expenditures principally related to underground development totaling $6.1 million.

Projects

• Kassandra Mines, Greece – expenditures totaled $51.8 million in 1996, principally related to development costs, including preproduction losses and the modernization of the facilities.

• Musselwhite, Canada – development of the mine, which was primarily focused on the underground development, processing facilities and securing a power supply and totaled $30.3 million.

• Kamchatka, Russia – exploration and acquisition costs of properties in Eastern Russia, totaling $12.0 million.

• Kasperske Hory, Czech Republic – costs related to the expansion of underground reserves totaling $9.3 million, including the fulfillment of property acquisition costs amounting to $4.5 million as per the original property purchase agreement.

The increase in capital expenditures to $126.5 million in 1995 from $51.7 million in 1994 was primarily due to the acquisition of the Kassandra complex and spending related to the feasibility study totaling $55.2 million. Additional expenditures were a result of the acquisition of an additional 10.3% interest in Brasília and the replacement of the mining fleet totaling $18.0 million, and capital development programs at New Britannia, Casa Berardi and Mineral Hill totaling $36.2 million.

Expenditures in 1997 are estimated to be $45 million for existing operations and $75 million for development projects. Actual 1997 expenditures will be impacted most significantly by the Olympias and Skouries projects in Greece.

During 1996, the Company acquired marketable securities totaling $43.3 million, which includes an investment in Arequipa Resources Ltd. The majority of the investments were sold, along with positions acquired in 1995, resulting in gross proceeds of $81.3 million. As a result, the net proceeds on investments in 1996 were $38.0 million.

In 1996, along with the acquisition of investments totaling $17.0 million, the Company also sold its 31% indirect interest in the Novo Astro mine.

Financing Activities

Net long-term debt financings/repayments were $122.9 million in net financings in 1996, and net repayments of $14.5 million and $26.3 million in 1995 and 1994 respectively.

In January 1996, the Company received $150 million through the issuance of Unsecured Notes which are repayable in January 2001. Additional funds, totaling $9.3 million, were received at the Brazilian mines related to export financings which carry favourable local interest rates. Major repayments of debt were $20.5 million to complete the original $250 million project loan (100%) at La Coipa, $9.0 million for the Company's silver loan and $5.6 million for the first installment of the Kassandra purchase mortgage.

The principal debt repayments in 1995 and 1994 relate to the project financing for the La Coipa mine of $31.2 million and $18.8 million respectively. An additional $8.5 million was repaid on the Company's silver loan in 1995. Additional debt financing of $13.8 million was received in 1995 from the completion of the New Britannia mine financing and from export financing loans available to both operating mines in Brazil totaling $15.4 million.

Cash Resources and Liquidity

The Company's net cash position for the years ended December 31, 1996, 1995 and 1994 was $67.8 million, $13.9 million and $122.2 million respectively. Net cash consists of cash and cash equivalents less bank indebtedness. The Company considers cash equivalents to include financial instruments with maturities of less than 90 days.

On January 6, 1994, the Company issued 23 million common shares of Cdn$8.75 per share, resulting in net proceeds of Cdn$193.3 million.

The total current and long-term debt balance of the Company at December 31, 1996, 1995 and 1994 was $214.9 million, $92.0 million and $80.6 million respectively. In 1997, the Company will require additional financing to fund development plans in Greece. As a result, and as detailed in Note 13 to the financial statements, the Company has entered into an agreement on March 3, 1997, to sell $250 million 5% Gold Linked Convertible Notes. The Underwriters had an option to increase the offering to $300 million, which was not exercised. A portion of the proceeds from the offering will be used to repay the $150 million Unsecured Notes.

Current and Long-term Debt ($ Millions)

* proforma, including amount of 5% Gold Linked Convertible Notes and debt repayment. The Gold Notes are primarily accounted for as equity under Canadian GAAP.

Risks

The Company operates in the precious metals mining industry and is inherently exposed to operational, geographical and financial risks.

Operational hazards which could interrupt or otherwise seriously impair future production include supply obstacles, physical asset damage or destruction, labour interruptions, unexpected ground conditions and orebody structures. To reduce these hazards, the Company carefully plans and designs its mines, trains employees in safety and production methods and maintains adequate supply inventories and insurance.

Geographic risks arise from political, legal, social, structural and economic conditions. The Company has diversified its investment base, thus reducing its dependence on any one sector. As well, there is a growing liberalization of mining laws globally, which will increase access to mining properties throughout the world. The Company evaluates the need for political risk insurance to further reduce country risk. Local management and advisors are employed where possible to monitor and assess economic, political and legal developments which could affect the Company and to allow a prompt response to any perceived threat.

Commodity pricing, foreign exchange rates, interest rates and income taxes are some of the financial threats to which the Company is exposed. Because the world markets for precious metals can be volatile, the Company hedges its precious metals production from time to time. The Company estimates that a $10 per ounce change in the price of gold in 1997 will affect net earnings by approximately $2 million. As the world foreign exchange markets can fluctuate, the Company hedges its foreign exchange exposure when deemed appropriate. Interest rate risks arise from unexpected changes in inflation combined with the level of debt financing utilized. To reduce this risk, the Company maintains an appropriate mix of debt and equity in order to allow access to both the debt and equity markets as required.

Financial Information 1996

Contents

TVX

Management's Responsibility for Financial Reporting

Financial Section

The accompanying consolidated financial statements of TVX Gold Inc. and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

TVX Gold Inc. maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and all of its members are outside directors. The Committee meets at least three times a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

The consolidated financial statements have been audited by Price Waterhouse, the external auditors, in accordance with generally accepted auditing standards on behalf of the shareholders.

Price Waterhouse has full and free access to the Audit Committee.

L. Rogerio Berto
Senior Vice President and
Chief Financial Officer

March 12, 1997

Auditors' Report to Shareholders

We have audited the consolidated balance sheets of TVX Gold Inc. as at December 31, 1996 and 1995 and the consolidated statements of earnings, retained earnings and cash flows for the years ended December 31, 1996, 1995 and 1994. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of TVX Gold Inc. as at December 31, 1996 and 1995 and the results of its operations and its cash flows for the years ended December 31, 1996, 1995 and 1994, in accordance with generally accepted accounting principles as established in Canada.

Price Waterhouse

Chartered Accountants
March 12, 1997
Toronto, Canada

TVX GOLD INC.

Consolidated Statements of Earnings

(thousands of United States dollars, except earnings per share)

Financial Statements

	For the years ended December 31, 1996	1995	1994
Revenue	$ 154,194	$ 156,948	$ 157,175
Mine Operating Costs			
Cost of sales	92,896	90,667	84,255
Depletion and depreciation	38,238	37,615	41,567
	131,134	128,282	125,822
Earnings from mining operations before mine writedowns	23,060	28,666	31,353
Mine property writedowns (note 3)	94,668	–	–
(Loss) earnings from mining operations	(71,608)	28,666	31,353
Other Expenses (Income)			
Corporate administration	12,206	10,057	7,511
Interest expense	12,270	7,225	7,395
Exploration and business development	17,652	18,991	15,645
Translation and foreign exchange loss (gain)	1,300	1,642	(11,649)
Interest income	(16,879)	(15,825)	(18,797)
Gains on marketable securities	(24,035)	(5,359)	–
Other, net	6,580	2,548	373
	9,094	19,279	478
(Loss) earnings before income and mining taxes	(80,702)	9,387	30,875
Income and mining taxes (note 9)	5,253	(27)	8,096
(Loss) Net Earnings	(85,955)	9,414	22,779
(Loss) Earnings Per Share (note 10)	$ (0.53)	$ 0.06	$ 0.14

Consolidated Statements of (Deficit) Retained Earnings

(thousands of United States dollars)

	1996	1995	1994
Retained Earnings, Beginning of Year	$ 64,725	$ 55,311	$ 32,532
(Loss) net earnings	(85,955)	9,414	22,779
Excess over book value from share repurchase	(3,027)	–	–
(Deficit) Retained Earnings, End of Year	(24,257)	64,725	55,311

The accompanying notes form an integral part of these consolidated financial statements.

TVX GOLD INC.

Consolidated Balance Sheets

(thousands of United States dollars)

	December 31, 1996	December 31, 1995
Assets		
Current assets		
Cash and cash equivalents	$ 76,818	$ 56,141
Marketable securities	–	13,375
Accounts receivable	29,545	31,357
Inventories (note 2)	41,674	37,529
	148,037	138,402
Mining property, plant and equipment (note 3)	482,150	450,423
Other assets	31,265	25,355
	661,452	614,180
Liabilities		
Current liabilities		
Bank indebtedness (note 4)	$ 9,050	$ 42,244
Accounts payable and accrued liabilities	58,302	27,735
Current portion of long-term debt (note 5)	42,060	44,886
	109,412	114,865
Long-term debt (note 5)	172,845	47,096
Deferred revenue (note 6)	19,503	12,605
Deferred income and mining taxes (note 9)	24,692	27,212
	326,452	201,778
Shareholders' Equity		
Capital stock (note 7)	359,257	347,677
(Deficit) retained earnings	(24,257)	64,725
	335,000	412,402
	661,452	614,180

Commitments and Contingencies (note 12)

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board

Director

E. T. Kugeroni

Director

Financial Statements

TVX GOLD INC.

Consolidated Statements of Cash Flows

(thousands of United States dollars)

	For the years ended December 31,		
	1996	1995	1994
Operating Activities			
(Loss) net earnings	$ (85,955)	$ 9,414	$ 22,779
Non-cash items:			
Depletion and depreciation	38,238	37,615	41,567
Deferred income and mining taxes	(2,103)	(2,205)	4,865
Mine property writedowns	94,668	–	–
Gains on marketable securities	(24,035)	(5,359)	–
Other	2,384	–	–
Deferred revenue	6,898	11,061	(769)
	30,095	50,526	68,442
Changes in working capital	5,520	(9,784)	(11,845)
Cash provided by operating activities	35,615	40,742	56,597
Investing Activities			
Mining property, plant and equipment	(142,489)	(126,518)	(51,715)
Investments	38,014	(17,007)	–
Proceeds on disposal of mining property	–	9,885	–
Other assets	(5,756)	(3,567)	(7,558)
Cash used for investing activities	(110,231)	(137,207)	(59,273)
Financing Activities			
Net long-term debt borrowings (repayments)	122,923	(14,472)	(26,268)
Common shares (note 7)	5,564	2,680	148,591
Cash provided by (used for) financing activities	128,487	(11,792)	122,323
Increase (Decrease) in Cash	53,871	(108,257)	119,647
Net cash, beginning of year	13,897	122,154	2,507
Net Cash, End of Year	67,768	13,897	122,154
Net Cash Consists of:			
Cash and cash equivalents	$ 76,818	$ 56,141	$ 122,154
Bank indebtedness	(9,050)	(42,244)	–
	67,768	13,897	122,154

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(United States dollars, unless otherwise stated)
(All tabular amounts are expressed in thousands, except ounces and number of shares)

1. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada which, in the Company's case, conform in all material respects with accounting principles generally accepted in the United States, except as disclosed in note 14. The significant accounting policies followed by the Company and its incorporated and unincorporated joint ventures are summarized as follows:

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Investments in incorporated and unincorporated joint ventures are accounted for by the proportionate consolidation method as substantially all of the Company's business is conducted through joint ventures.

(b) Translation of foreign currencies

The accounts of the Canadian operations and operations in foreign countries have been translated into United States dollars using the temporal method because the Company considers the U.S. dollar to be the principal currency of its operations. Under this method, monetary assets and liabilities have been translated at the end of year exchange rates. Non-monetary assets, which primarily comprise mining property, plant and equipment, have been translated using historic rates of exchange. Revenues and expenses have been translated at the average rates of exchange during the years, except for depletion and depreciation, which have been translated at the same rates as the related assets. Foreign exchange gains and losses on current monetary assets and liabilities are included in the determination of earnings. Gains and losses related to long-term debt are deferred and amortized over the remaining term of the debt.

(c) Inventories

Gold and silver bullion inventories are stated at market. Doré, work-in-process, base metal concentrate and ore stockpiles are stated at the lower of cost and net realizable value. Materials and supplies inventories are stated at the lower of cost or replacement value.

(d) Mining property, plant and equipment

Mining property, plant and equipment is shown at cost including costs associated with acquisition and further development of mining properties. Depletable assets are amortized over the life of the mine on a unit-of-production basis. The estimated mine lives range from 7 to 18 years with the average being 14 years. Depreciable assets are also amortized over the life of the mine on a unit-of-production basis except where the useful life of a depreciable asset is less than the life of the mine, in which case depreciation is recorded on a straight-line basis.

(e) Exploration and business development

Exploration expenditures, excluding property acquisition costs, are charged to earnings as incurred. When it has been established that a mining property has development potential, further exploration costs incurred prior to the start of mining operations, are recorded as deferred development costs and amortized in accordance with the policies described above.

(f) Reclamation costs

Expenditures relating to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefit.

These ongoing programs are designed to minimize the environmental impact of the Company's mining operations and should significantly reduce future removal and site restoration costs that may otherwise be incurred upon cessation of mining activities. Estimated future reclamation costs, including site restoration, where reasonably determinable, are charged against earnings over the estimated life of the mine.

(g) Income and mining taxes

Deferred income and mining taxes are provided as a result of timing differences that arise from the recognition of revenue and expenses in different years for accounting than for income and mining tax reporting purposes. Taxes have been provided on undistributed earnings of non-Canadian operations based upon the level of expected remittance of these earnings.

Notes

(h) Financing costs
Debt issue costs are deferred and amortized over the term of the debt. Financing costs, including interest and debt issue costs, are capitalized when they arise from indebtedness incurred to finance development activities on properties and are amortized to earnings when production commences.

(i) Commitments to deliver gold and silver
Commitments to deliver gold and silver arise from gold and silver loans, fixed forward sales, spot deferred sales and option contracts.

Contracted prices on forward sales, spot deferred sales and options related to future production which are designated as hedges, are recognized in revenue as the related gold and silver is delivered. Gold and silver loans which hedge the Company's share of revenues from future production are marked to the spot price at the balance sheet date. Unrealized gains and losses are deferred and are reflected in earnings when the hedged production is delivered.

Commitments not designated as hedges are marked to market and the resultant gains or losses are recorded in earnings in the period.

(j) Cash and cash equivalents
Cash and cash equivalents include those short-term money market instruments which, on acquisition, generally have a term to maturity of three months or less.

2. Inventories

	December 31, 1996	December 31, 1995
Bullion and doré	$ 1,497	$ 3,847
Base metal concentrates	2,913	–
Work-in-process	7,999	4,173
Ore stockpile	12,764	12,347
Materials and supplies	16,501	17,162
	41,674	37,529

3. Mining Property, Plant and Equipment

	December 31, 1996	December 31, 1995
Mining property and deferred development	$ 263,967	$ 295,441
Accumulated depletion	(99,941)	(99,269)
	164,026	196,172
Mine plant and equipment	195,388	244,242
Accumulated depreciation	(94,303)	(101,870)
	101,085	142,372
Projects under development, including acquisition costs	185,857	111,879
Assets held for disposal	31,182	–
	217,039	111,879
	482,150	450,423

Included in projects under development is capitalized interest of $7.5 million (December 31, 1995 - $0.2 million). The 1995 balances have been adjusted to reflect a reclassification of $11.1 million to inventories related to the acquisition of Kassandra Mines.

As a result of internal property reviews completed during the year, the Company decided to dispose of two operations, the bases of which are detailed below. As a result, the carrying value of these operations has been reduced and reclassified as assets held for disposal.

At Casa Berardi, the joint venture partners have determined that as a result of continuing high capital costs, varying levels of gold production and changing investment priorities the sale of the property is in their best interest.

At Mineral Hill, as a result of delays in development, related partially to water inflows in the development tunnel and reinterpretation of the ore reserves, the Company has suspended operations and will offer the property for sale.

The Company has taken a charge to reduce the carrying value of these assets to their estimated net realizable amount, together with the Company's estimate of unaccrued reclamation and severance resulting in a charge to earnings of $94.7 million.

4. Bank Indebtedness

As at December 31, 1996, in addition to the lines of credit available at the joint venture level, the Company and its subsidiaries had lines of credit for short-term bank financing of $49 million (December 31, 1995 - $50 million) of which $9.1 million was utilized (December 31, 1995 - $20 million).

5. Long-term Debt

	December 31, 1996	December 31, 1995
Debt with recourse to the Company:		
Silver loan (a)	$ 4,726	$ 13,737
New Britannia project loan (b)	12,682	13,838
Kassandra purchase mortgage (c)	21,666	27,262
	39,074	54,837
Debt without recourse to the Company:		
Unsecured Notes (d)	150,000	–
La Coipa project loan	–	12,500
La Coipa loans from joint venture partner	–	8,000
Crixás BNDES loans	–	1,199
Crixás export loans (e)	10,001	7,122
Brasília export loans (e)	15,830	8,244
Other	–	80
	175,831	37,145
Total debt	214,905	91,982
Less: Current portion	(42,060)	(44,886)
Long-term debt	172,845	47,096

(a) The Company owes a balance of 696,100 (December 31, 1995 - 2,088,300) ounces of silver. This loan is repayable on February 28, 1997. Interest is at a rate of 2.5%. The Company has pledged its residual interest in the La Coipa mine as collateral for this loan. The balance of silver to be delivered has been hedged by acquiring silver purchase contracts on the final installment date totaling 696,100 silver ounces with an average purchase price of $6.79 (December 31, 1995 - $6.58). The fair market value of this loan, using December 31, 1996 year end silver price of $4.80, is $3.3 million.

(b) The New Britannia project financing is repayable in eleven equal quarterly installments. Interest is charged at the quarterly London Interbank Offered Rate ("LIBOR") plus 0.875% and varied between 6.25% and 6.65% per annum in 1996 and is denominated in United States dollars. The loan is secured by the assets of the joint venture and a first charge on the ownership interests of the joint venture participants in the New Britannia mine. (see note 13)

(c) Under the terms of the purchase agreement for the Kassandra assets, the Company has signed a mortgage as security for the balance of the purchase price, which is secured by the property. This mortgage is payable in Greek drachmas in four equal annual installments. It bears interest equal to the one year Greek State bond rate, which is set annually and was 13.75% in 1996.

(d) The Company issued 7.51% Unsecured Notes which are due January 17, 2001 with interest payable semi annually. The fair market value of this loan at December 31, 1996, based on a comparable financing with similar term is $146.2 million. (see note 13)

(e) The Brazilian mines received advances against future export commitments. These loans are denominated in U.S. dollars and bear interest between 6.5% and 9.0% with the interest rate set at each maturity. These loans, with the exception of $6,595,000 at the Brasília mine which is repayable in 1998, mature prior to December 31, 1997. It is the intention of the joint venture partners to renew these short term loans at the next maturity.

(f) Long-term debt maturing after December 31, 1997 is as follows (see note 13):

1998	$	12,011
1999		5,417
2000		5,417
2001 and beyond		150,000

Notes

6. Deferred Revenue

Deferred revenue is comprised of net premiums on open calls and put options as well as realized gains and losses on hedging transactions and mark-to-market adjustments on gold and silver loans intended to hedge future production. Deferred revenue will be recognized as the hedged production is delivered, and reflected in earnings as follows:

	Income
1997	$ 2,968
1998	5,858
1999	7,375
2000	3,302

7. Capital Stock

(a) Authorized –
Unlimited number of common shares without par value

(b) Issued –
The Company's issued and outstanding common shares are as follows:

	Number of shares	
Outstanding as at December 31, 1994	160,023,324	$344,997
Shares issued for cash (i)	626,066	2,680
Outstanding as at December 31, 1995	160,649,390	347,677
Shares issued for cash (i)	1,694,998	9,929
Shares issued for property (ii)	400,000	2,989
Shares repurchased (iii)	(604,000)	(1,338)
Outstanding as at December 31, 1996	162,140,388	359,257

(i) Issued on the exercise of stock options (see note (c)).

(ii) Issued as part of the original consideration for the purchase of the Kasperske Hory property.

(iii) Acquired pursuant to the Company's normal course issuer bid permitting the repurchase of up to 5 million common shares.

(c) The Company has granted common share options to certain directors, officers, and employees to attract and retain key personnel. The options expire over periods extending to November 5, 2001.

	Number of shares	Option price (Cdn. $ per share)
Outstanding, December 31, 1994	13,416,066	3.35 to 10.00
Granted	2,620,000	8.50 to 10.00
Exercised	(626,066)	3.65 to 8.50
Terminated	(331,250)	7.88 to 8.88
Outstanding, December 31, 1995	15,078,750	3.35 to 10.00
Granted	2,020,000	9.60 to 14.25
Exercised	(1,694,998)	3.65 to 10.00
Terminated	(587,918)	7.88 to 12.25
Outstanding, December 31, 1996	14,815,834	3.35 to 14.25

8. Forward Contracts

As at December 31, 1996, in addition to the silver loan hedging described in note 5(a), the Company's consolidated precious metals hedging program consisted of:

(a) Gold

	Forward Sales		Put Options Purchased		Call Options Sold	
	Ounces	$/Oz	Ounces	$/Oz	Ounces	$/Oz
1997	154,610	444	10,210	445	66,919	450
1998	173,100	467	–	–	–	–
1999	147,575	476	–	–	–	–
2000	52,000	521	96,000	484	264,000	465
2001	68,000	524	–	–	–	–
	595,285	474	106,210	480	330,919	462

In addition to the above hedging, the Company has under contract 48,000 ounces bought forward with an average strike price of $405 which expire equally in 1998 and 1999, and has sold 24,000 ounces of puts with a strike price of $375, which expire in 1997.

(b) Silver

	Forward Sales		Put Options Purchased		Call Options Sold	
	Ounces	$/Oz	Ounces	$/Oz	Ounces	$/Oz
1997	1,775,000	6.52	–	–	10,300,000	5.62
1998	–	–	2,022,000	6.95	4,044,000	7.75
1999	600,000	6.28	2,256,000	7.00	4,512,000	8.07
	2,375,000	6.46	4,278,000	6.98	18,856,000	6.66

In addition to the above hedging, the Company has under contract 6,000,000 ounces bought forward, with an average strike of $5.49, which expired on January 31, 1997 and was subsequently extended to March 31, 1997.

(c) The Company has entered into contracts which establish a fixed exchange rate on a portion of its future Canadian dollar cash requirements. The Company accounts for these forward contracts as a hedge of future operating, capital and administrative costs of Canadian operations. As at December 31, 1996, the Company's consolidated Canadian dollar hedge program consisted of:

	Canadian Dollars Purchases ($mil)	Rates
1997	$ 50.1	0.711
1998	43.0	0.676
1999	17.2	0.677
	110.3	0.692

Closing these transactions at December 31, 1996 would have generated a gain of approximately $5.5 million. The counter parties to these contracts are international banks, none of which holds greater than 38% of the aggregate hedged position.

9. Income and Mining Taxes

(a) Details of income and mining tax expenses are as follows:

	For the years ended December 31, 1996	1995	1994
Income and mining taxes			
Current			
South America	$ 6,895	$ 2,043	$ 3,231
North America	461	135	–
	7,356	2,178	3,231
Deferred			
South America	(2,103)	4,590	6,275
North America	–	(6,795)	(1,410)
	(2,103)	(2,205)	4,865
	5,253	(27)	8,096

(b) The reconciliation of the combined Canadian federal and provincial statutory income tax rates to the effective tax rate on earnings is as follows:

	For the years ended December 31, 1996	1995	1994
Combined Canadian federal and provincial statutory income tax rate	(40.0)%	39.5%	39.4%
Permanent differences	0.5	10.1	6.7
Resource allowance	–	–	(1.7)
Quebec mining duties	0.3	(10.7)	1.1
Unrecorded losses in Canada	38.7	–	–
Foreign earnings subject to different tax rates	7.0	(39.2)	(19.3)
Effective tax rate	6.5	(0.3)	26.2

The combined Canadian federal and provincial statutory income tax rate includes the weighted average of Canadian provincial income tax rates, including surtaxes.

Cumulative withholding taxes of $10.1 million (December 31, 1995 - $9.1 million) have been provided on unremitted foreign earnings including $1.0 million in 1996 (December 31, 1995 - $1.8 million).

Notes

(c) The Company has non-capital losses in Canada, of approximately $9.4 million which may be applied against future taxable income in Canada. These losses expire principally in the year 2003. In addition to the tax effect of these losses of approximately $3.7 million the Company has other timing differences in Canada with an estimated tax effect of $27.3 million which are available to be applied against future income taxes payable. There has been no recognition in the financial statements for these tax recoveries.

(d) Deferred income and mining taxes are provided as a result of timing differences that arise in the recognition of income and expenses for financial reporting and tax purposes. The sources of timing differences and the related deferred tax amounts are as follows:

	December 31, 1996	December 31, 1995
Depletion and depreciation	$ 15,935	$ 21,173
Other, including accrued withholding taxes	8,757	6,039
	24,692	27,212

10. (Loss) Earnings Per Share

The earnings per share for the year have been calculated using the weighted average number of shares outstanding during the year of 162,181,905 shares (December 31, 1995 - 160,399,200; December 31, 1994 - 158,383,696). The total number of common shares that would be outstanding as at December 31, 1996 is 176,956,222 (December 31, 1995 - 176,528,140) if all outstanding options were exercised. Based on current market conditions, the issuance of these shares would not be dilutive.

11. Segmented Information

The Company's operations involve the acquisition, exploration, development and operation of mining properties, through subsidiaries and incorporated and unincorporated joint ventures with other mining companies, in North and South America and in Europe. Details of the Company's financial information segmented geographically are as follows:

Segmented Assets	December 31, 1996	December 31, 1995
South America	$360,437	$358,065
North America	133,111	175,536
Europe	150,406	75,239
Other	17,498	5,340
	661,452	614,180

Segmented statements of revenue and operating earnings

	For the years ended December 31, 1996	1995	1994
Revenue			
South America	$ 117,907	$126,920	$122,356
North America	36,287	30,028	34,819
	154,194	156,948	157,175
(Loss) earnings before income and mining taxes			
South America	$ 31,327	$ 19,712	$ 33,970
North America	(112,029)	(10,325)	(3,095)
	(80,702)	9,387	30,875

12. Commitments and Contingencies

(a) Kassandra Litigation

A claim was filed against the Company on November 15, 1995, and subsequently amended, relating to the Company's interest in the Kassandra mining assets in Greece. The plaintiffs allege breach of fiduciary duties and misuse of confidential information and seek, among other things:

(i) a declaration that the Company holds the Kassandra orebodies in trust for the plaintiffs; or

(ii) acknowledgment that the Company holds a 12% carried interest in Kassandra in trust for the plaintiffs and a further 12% "right to purchase" in Kassandra; and

(iii) damages in the amount of $500 million (Cdn.); and punitive damages in the amount of $1 million (Cdn.).

The Company filed its statement of defence on March 27, 1996 and while the outcome is not presently determinable, the Company firmly believes that the claims made by the plaintiffs are unfounded. The Company will aggressively defend this matter.

(b) Kamchatka Litigation
A Complaint Seeking Damages and Demand for Jury Trial with Injunctive Relief Sought was filed in the United States District Court against the Company on October 19, 1995 relating to the Company's mining interests in Kamchatka, Russia. The plaintiffs allege that the Company breached the terms of a confidentiality agreement and claim, among other things:

(i) judgment against the Company for breach of contract;

(ii) a mandatory injunction to cease and desist from using the plaintiffs' information and to stop all exploration, negotiation or purchasing of mining rights in Kamchatka; and

(iii) the deposit in court of all sums collected by the Company as a result of mining and exploration of the subject sites.

The Company has filed an Answer, Affirmative Defences and Counterclaim on February 2, 1996 and while the outcome is not presently determinable, the Company firmly believes the claims made by the plaintiffs are unfounded. The Company will aggressively defend this matter.

(c) Kassandra Commitments
In addition to the secured payment for the balance of the purchase price (see note 5(c)) and pusuant to the acquisition of the Kassandra assets in 1995 the Company has the obligation to fulfil the following;
(1) Gold Plant Guarantee - the Company is obligated to construct a gold plant within two years from receiving all applicable licences, which may be extended by a further eight months under certain circumstances. The Company has provided a letter of guarantee of approximately $11.0 million against this commitment,

(2) Employment Guarantee - the Company is obligated to maintain 550 employees and a further 50 employees once the gold plant is completed, for a minimum period of three years. The Greek government is obligated to provide an allowance of 50% of the cost to employ 50 of these employees for a six month period and an additional 50 employees for a three year period. Additionally, employment must be offered by the contractor to 150 former employees of Kassandra for a period of 18 months, during the construction of the gold plant.

13. Events Subsequent to December 31, 1996

On March 3, 1997 the Company announced that it had agreed to sell to a group of underwriters, $250 million of 5% Gold Linked Convertible Notes (the "Gold Notes") which are expected to be due on March 28, 2002. The Underwriters have an option to increase the total offering to up to $300 million. These Gold Notes will be unsecured and subordinate in right of payment to all existing and future senior debt of the Company. The Gold Notes will not be redeemable prior to maturity save and except on the occurrence of certain events of default. The Company expects closing to occur on March 24, 1997.

The Gold Notes include a provision for a further payment on maturity based on the future gold price. The incremental payment is based on the 20 day average gold price, 55 days prior to maturity, as compared to $362.15, the reference gold value.

On maturity, the Company will be able to repay the Gold Notes in cash or common shares, or a combination thereof. If the Company determines to pay in shares, the shares would be priced at 95% of the weighted average trading price on The Toronto Stock Exchange for the 20 consecutive trading days in the period ending 5 trading days prior to maturity.

Notes

In addition, The Toronto Dominion Bank has provided the Company with a $120 million unsecured credit facility. On the closing of the Gold Note issue, the Company will repay any amounts drawn on the line of credit in excess of $70 million. The Company then has the option to convert this facility into a $70 million operating facility, with a term of 364 days.

The Company has purchased the New Britannia joint venture project loan on March 12, 1997. The Company intends to repay its $150 million 7.51% Senior Unsecured Notes from the proceeds of the Gold Notes.

14. Differences Between Canadian and United States Generally Accepted Accounting Principles

The Company prepares its financial statements in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") which generally conform to generally accepted accounting principles in the United States ("U.S. GAAP"), except for the accounting of income taxes.

(a) SFAS 109 requires that deferred tax assets be recorded when, in the opinion of management, it is more likely that losses will be recovered in future years through profits. Under Canadian GAAP, the Company requires virtual certainty before deferred tax debits can be recorded. The Company was unable to determine that virtual certainty existed in 1996 and thus no tax recovery was recorded under Canadian GAAP. However, under U.S. GAAP, the net loss and loss per share would have been $55.0 million and $0.34 cents per share, respectively, and a deferred tax debit would be recorded on the balance sheet totaling $31.0 million.

(b) The Company adopted SFAS 109 in 1993 for purposes of U.S. GAAP. SFAS 109 requires that the deferred taxes be provided for differences between the tax basis of an asset or liability, and the amounts reported in an entity's financial statements.

As a result of SFAS 109, both mining property, plant and equipment and deferred income taxes in the balance sheet would be increased by $30.3 million at December 31, 1996, (December 31, 1995 - $29.7 million). In the statement of earnings, depreciation and depletion would be increased by $2.6 million (1995 - $1.3 million; 1994 - $1.6 million), and income and mining taxes decreased by the same amount. This difference does not impact overall net earnings.

(c) SFAS 109 also requires an annual adjustment of deferred tax balances to reflect current tax rates. Under Canadian GAAP, deferred tax balances are maintained at the tax rate in effect in the year in which they were first reported. The principal mines in which the Company has interests, commenced operations in recent years therefore deferred taxes have been provided for at rates which have not changed significantly to date. As a result, deferred taxes under SFAS 109 are not materially different from deferred taxes reported in the Company's financial statements.

Summarized Quarterly Consolidated Financial Statement Information

(thousands of United States dollars, except per share amounts)

Unaudited	Quarters Ended				Full Year
1996	March 31	June 30	Sept 30	Dec 31	
Revenue	$ 35,620	$ 40,907	$ 37,833	$ 39,834	$ 154,194
Operating earnings	6,667	7,366	7,214	1,813	23,060
(Loss) net earnings	6,295	3,879	(23,359)	(72,770)	(85,955)
(Loss) earnings per share	0.04	0.02	(0.14)	(0.45)	(0.53)
Total assets	740,317	741,884	729,257	661,452	661,452
Long-term debt	187,970	185,546	190,113	172,845	172,845
Shareholders' equity	427,176	432,400	412,118	335,000	335,000
Cash provided by operations	16,500	3,935	(767)	15,947	35,615
1995					
Revenue	$ 38,046	$ 39,414	$ 41,336	$ 38,152	$ 156,948
Operating earnings	5,696	8,331	8,492	6,147	28,666
Net earnings	5,590	2,900	1,349	(425)	9,414
Earnings per share	0.03	0.02	0.01	(0.00)	0.06
Total assets	555,782	555,032	574,928	614,180	614,180
Long-term debt	43,193	29,650	35,807	47,096	47,096
Shareholders' equity	406,116	410,934	412,389	412,402	412,402
Cash provided by operations	2,206	5,215	16,919	16,402	40,742

Share Prices

The Toronto Stock Exchange (Cdn$)	1996			1995		
	High	Low	Volume	High	Low	Volume
First quarter	15.38	9.63	96,521,500	10.13	8.25	34,112,700
Second quarter	13.10	9.90	49,566,700	11.38	8.63	38,509,400
Third quarter	11.75	9.20	35,697,000	11.13	9.38	28,120,900
Fourth quarter	10.90	9.15	43,299,500	10.00	8.88	32,135,900
			225,084,700			132,878,900

New York Stock Exchange (US$)[1]	1996			1995		
	High	Low	Volume	High	Low	Volume
First quarter	11.25	7.13	21,807,700	7.13	5.75	8,532,000
Second quarter	9.63	7.25	21,985,600	8.25	6.38	9,606,300
Third quarter	8.63	6.75	19,124,300	8.25	6.75	8,630,600
Fourth quarter	8.13	6.75	31,435,100	7.38	6.13	8,050,500
			94,352,700			34,819,400

[1] The Company listed its shares on the New York Stock Exchange on August 10, 1994. Prior to that date, the shares were listed on NASDAQ.

Glossary

Adit – a tunnel driven horizontally into a hillside to provide access to a mineral deposit.

Autoclave system – oxidation system in which high temperatures and pressures are applied to convert refractory sulphide mineralization into amenable oxide ore.

Carbon-in-leach (CIL) – a process to recover dissolved gold onto activated carbon. The activated carbon is introduced into a gold ore-cyanide slurry during the agitation process and is subsequently separated from the slurry for the removal of the gold.

Carbon-in-pulp (CIP) – a process, similar to CIL, to recover dissolved gold onto activated carbon. The activated carbon is introduced to the system after the gold has been dissolved by the cyanide solution.

Cash cost – includes production costs, royalties, marketing and refining charges, together with all administration expenses at the joint venture level.

Commercial production – production for accounting purposes.

Cut-and-fill – a mining method in which ore is mined in horizontal slices. After a slice is mined and the ore removed, the remaining void is filled with waste before the next slice is mined.

Cut-off grade – the lowest grade of mineralized material considered economic; used in the calculation of the ore reserves in a given deposit.

Cyanidation – a method of extracting gold and/or silver in a weak solution of sodium or potassium cyanide.

Disseminated ore – ore carrying small particles of valuable minerals, spread more or less uniformly through the gangue matter; distinct from massive ore, wherein the valuable minerals occur in almost solid form with very little waste mineral included.

Doré – unrefined gold and silver bars usually consisting of approximately 90 per cent precious metals which will be further refined to almost pure metal.

Flotation – a process by which some mineral particles are induced, by the introduction of specific reagents, to become attached to bubbles and float while other particles sink, so the valuable minerals are concentrated and separated from the worthless gangue.

Footwall – a mass of rock below a geological feature such as a fault or an orebody.

Formation – the ordinary unit of geologic mapping consisting of a large and persistent stratum of rock.

Gold equivalent – silver expressed in equivalent ounces of gold using a conversion ratio dependent on prevailing gold and silver prices.

Gravity concentration – a process to recover gold from ground ore using gold's high specific gravity to separate it from lighter material.

Hanging wall – a mass of rock above a geological feature such as a fault or an orebody.

Hedging – an arrangement which effectively offsets a price or exchange risk inherent in another transaction or arrangement.

Infill drilling – diamond drilling within a group of previously drilled holes to provide additional geological information to more accurately define the parameters of the mineralization.

Leaching – the process in which a soluble metallic compound is extracted from ore by dissolving the metals in a solvent; see cyanidation.

Merrill-Crowe – a precipitation process to recover precious metals using zinc dust to treat a de-oxygenated precious metals-cyanide solution.

Mineralized zone – any mass of host rock in which minerals of potential commercial value occur.

Net smelter return – an interest in a mining property held by the vendor on the net revenue generated from the sale of metal produced by the mine.

Operating cost – cash cost plus depreciation and amortization.

Ounces – troy ounces of a fineness of 999.9 parts per 1,000 parts, equal to 31.1034 grams.

Oxide ore – mineralized rock in which the ore minerals have been partially or wholly oxidized by weathering processes.

Porphyry – rocks containing conspicuous phenocrysts in a fine-grained or aphanitic groundmass.

Reagent – a chemical used in the mineral recovery process.

Reclamation – the process by which lands disturbed as a result of mining activity are reclaimed back to a beneficial land use. Reclamation activity includes the removal of buildings, equipment, machinery, other physical remnants of mining, closure of tailings impoundments, leach pads and other mine features, and contouring, covering and revegetation of waste rock piles and other disturbed areas.

Refractory ore – gold mineralization in which the gold is encapsulated within silica or sulphide and is therefore not amenable to cyanide leaching methods. The ore must be pretreated either by roasting or within an autoclave.

Reserves

Mining reserves

Mining reserves which include proven and probable categories correspond to that part of a mineral deposit which is fully delineated and could be economically and legally extracted or produced at the time of the reserve determination. These can be located at operating mines or projects for which a feasibility study shows economic feasibility.

Proven reserves are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality control are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geological character is so well defined that size, shape, depth and mineral content of reserves are well established.

Probable reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

Identified mineral resources
(in addition to mining reserves)

Measured and Indicated categories, correspond to the Proven and Probable categories for mining reserves. Typically, knowledge available for these categories consists of quantitative knowledge from geological mapping and sampling work (drill data, underground workings, etc.) but for which a feasibility study has yet to be completed, although preliminary engineering studies indicated a high probability of becoming reserves on completion of planned feasibility studies.

Inferred category constitutes the third category in the "identified mineral resources". This replaces the "Possible Reserves" of previous classifications. The emphasis in this category is on the interpretation and inference based on drilling and geological knowledge of the area as compared to the quantitative and measured character of "reserves" and, measured and indicated resources. The definition and characteristics of this class, mean that "inferred resources" are not used in any calculation of an economic or financial nature.

Room-and-pillar – a method of mining flat-lying deposits in which the mined-out ore or 'rooms' are separated by pillars of approximately the same size.

Saprolite – a soft thoroughly decomposed rock formed in place by the chemical weathering of igneous or metamorphic rocks and usually found in tropical conditions.

Shaft – a vertical passageway to an underground mine for moving personnel, equipment, supplies and material including ore and waste rock.

Spot price – current delivery price of a commodity traded in the spot market, also called the cash price.

Stope – the working area in a mine from which ore is extracted.

Strike – the direction, or course or bearing, of a vein of rock formation measured on a level surface.

Stripping ratio – the ratio of the amount of waste material which must be removed in an open pit to allow one ton of ore to be mined.

Sulphides – compounds of sulphur with other metallic elements.

Tailings – material rejected from a mill after the valuable minerals have been recovered.

Water management – the process whereby the groundwater table in the mining area is lowered by pumping water from wells, and the water is conveyed and used or recharged to the groundwater system through infiltration, reinjection or irrigation return.

Metric Conversion Table

Imperial	Metric
1 troy ounce	31.103 grams
1 short ton	0.907 tonnes
1 troy ounce per short ton	34.286 grams per tonne
1 foot	0.305 metres
1 mile	1.609 kilometres
1 acre	0.405 hectares

TVX Gold

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6 Year Financial Summary

Unaudited
(thousands of United States dollars, except earnings per share)

	For the years ended December 31,					
	1996	1995	1994	1993	1992	1991
Operating Results						
Revenue	$ 154,194	$ 156,948	$ 157,175	$ 163,421	$ 152,357	$ 106,957
Mine operating costs						
Cost of sales	92,896	90,667	84,255	75,571	73,408	52,415
Depletion and depreciation	38,238	37,615	41,567	45,875	39,363	20,761
	131,134	128,282	125,822	121,446	112,771	73,176
Earnings from mining operations before writedowns	23,060	28,666	31,353	41,975	39,586	33,781
Mine property writedown	94,668	–	–	–	–	6,689
(Loss) earnings from operations	(71,608)	28,666	31,353	41,975	39,586	27,092
Other expenses (income)						
Corporate administration	12,206	10,057	7,511	6,637	5,177	5,703
Interest expense	12,270	7,225	7,395	13,883	18,347	10,390
Exploration and business development	17,652	18,991	15,645	5,113	3,105	3,702
Translation and foreign exchange loss (gain)	1,300	1,642	(11,649)	(1,687)	(855)	916
Interest income	(16,879)	(15,825)	(18,797)	(2,313)	(3,670)	(3,123)
Other, net	(17,455)	(2,811)	373	(1,734)	439	(598)
	9,094	19,279	478	19,899	22,543	16,990
(Loss) earnings before income and mining taxes	(80,702)	9,387	30,875	22,076	17,043	10,102
Income and mining taxes	5,253	(27)	8,096	6,351	6,641	3,697
(Loss) net earnings	(85,955)	9,414	22,779	15,725	10,402	6,405
Financial Position						
Cash and cash equivalents	$ 67,768	$ 13,897	$ 122,154	$ 2,507	$ (592)	$ 1,403
Total assets	661,452	614,180	540,398	393,418	413,862	440,884
Working capital	12,917	54,526	31,017	19,172	14,626	14,407
Total debt (including bank indebtedness)	223,955	134,226	80,558	128,526	162,518	193,867
Operating cash flow	35,615	40,742	56,597	52,910	49,219	28,652
Capital expenditures	142,489	126,518	51,715	14,198	9,445	47,659
Shareholders' equity	335,000	412,402	400,308	219,558	199,930	189,528
Ratio of total debt to total debt and equity	0.40:1	0.25:1	0.17:1	0.37:1	0.45:1	0.51:1
Operational Data						
Production (ounces)						
Gold	335,100	359,500	357,400	360,400	314,300	253,700
Silver	6,769,000	4,713,000	5,749,000	6,645,000	8,064,000	2,561,000
Gold and gold equivalent	424,500	423,100	436,900	438,800	406,400	279,500
Sales (ounces)						
Gold	314,000	348,600	345,700	359,400	317,800	242,000
Silver	5,671,000	4,745,000	5,591,000	6,859,000	7,993,000	2,250,000
Gold and gold equivalent	388,800	413,100	422,900	440,300	409,100	264,300
Cash cost per ounce of gold equivalent sold	$ 239	$ 219	$ 199	$ 172	$ 179	$ 198
Revenue per ounce of gold equivalent sold	$ 397	$ 380	$ 372	$ 371	$ 372	$ 405
Per Share Information						
Weighted average number of common shares outstanding (millions)	162.2	160.4	158.4	134.6	134.0	134.0
(Loss) net earnings per share	$ (0.53)	$ 0.06	$ 0.14	$ 0.12	$ 0.08	$ 0.05
Operating cash flow per share	$ 0.22	$ 0.25	$ 0.36	$ 0.39	$ 0.37	$ 0.21
Book value per share	$ 2.07	$ 2.57	$ 2.53	$ 1.63	$ 1.49	$ 1.41

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